'B' 1

File No. AFD 1 FAP 69 (Suppl.) (Vol III)

MYSORE GOVERNMENT SECRETARIAT

Notes/Correspondence/Collection

Department A & F Section FOREST 'A'

Subject :— FOREST DEPARTMENT - ESTABLISHMENT OF A CORPORATION FOR THE DEVELOPMENT OF FORESTS IN THE STATE.

Earlier References :—

Later References :—

(Classification A/B/C)

Notes Pages 38

Correspondence Pages 134

For/Not for Section Note Book

To be destroyed after 8/2/81

Under Secretary to Government.

ಸರ್ಕಾರದ ಅಧೀನ ಕಾರ್ಯದರ್ಶಿ,
ಅರಣ್ಯ, ಪರಿಸರ ಮತ್ತು ಜೀವಿ
ಶಾಸ್ತ್ರ ಇಲಾಖೆ (ಅರಣ್ಯ-ಬಿ)

2

DOCKET SHEET

Department: A&F

File No. AFD 1 FAP 69 (V.7.3)

Section Forest 'A'

Volume:

SUBJECT

Forest Department - Establishment of a Corporation for the Development of Forest in the State.

Number and date 1	To whom sent 2	Instructions 3
14/8/70	Ds.	Pg. 3947/70 5/12/70 — Seen A&FD 22/12/70
Secy., A. & F. No. 5483 Date 17/8/70.		
Min. of St. Forests. No. 1560 Date 19/8	Seen A&F.	Pg. 4106/20 23/12/70 — Recalled by Seen A&RA. ↑ Seen A&RD 30/12/70
5698 26-8-70		Secy., A. & F. No. 246 Date 15/1
2819/B 27/8	Seen A&F 8/9	
Secy., A. & F. No. 11 Date 8.9.70.		
Min. of St. Forests. No. 1614 Date 9/9.	Seen A&F)	
7212 23.10.70		
Min. of St. Forests. No. 1857 Date 21/X.	Seen A&F)	

[P.T.O.

3

WD—06111—GPB—2,000 pads of 100 shts. each—4-3-69

Number and date 1	To whom sent 2	Instructions 3
Min. of St. Houses. No. F.1873 Date 26/x.	C.S.	
No. 5066 26/+		
Secy., A. & R. No. 8006 Date 21/11		
Secy., A. & R. No. 8276 Date 3.12.70		
CABINET SECTION No. C.21/71	Date 16-1-1971	

AFD 1 FAP 69(Vol.III)

Sl.No. 1(Receipt) Letter No.B1/3/PRR/3/69-70 dated 3/5-8-70 from the C.C.F.

Sl.No. 2(Receipt) D.O.letter No.B1/3/PRR/3/69-70 dated 8-8-70 addressed to the Development Commissioner by the C.C.F.

Sl.No. 3(Receipt) Issued D.O.letter No.AFD 1 FAP 69 dated 11-8-70 to the Managing Director, Agri. Finance Corporation, Bombay.

Sl.No.4 (Receipt) Letter No.Dpt.51.PASF.127/69-70 dated 20/22-7-70 from C.F., Working Plan and Dev. Circle.

NOTE-1.

(1) Two sets of the proposals for the formation of the "Mysore Forest Corporation", revised on the lines of the discussions held with Sri Rudramurthy, Managing Director, Agricultural Finance Corporation on 30-7-70 have been sent (Govt.letter dated 11-8-70 at P.11/cf) to the Managing Director, Agricultural Finance Corporation, with a request to send their technician and the cost Accountant to Bangalore to discuss the details and to finalise the scheme.

(2) Pending finalisation of the scheme and formation of Corporation, both the C.C.F. and the C.F. W.P.& Dev.Circle, have requested Govt. for the creation of the post of a Special Officer of the Status of a Conservator of Forests (which post would be subsequently merge with that of General Manager of the Corporation) in the I.F.S. grade of ~~Rs.1300~~ Rs.1300-50-1800, with one Stenographer on Rs.130-5-150-8-190 EB-10-260-15-290 (Plus Spl. Pay of Rs.30/-) for a period of six months or untill the Corporation is formed, whichever is earlier.

(3) They have also recommended to have the services of one full time Economist, well versed in modern concept and method of capital formation during the process of functioning of the Corporation, and ~~tak~~ later on to be absorbed by the

Coporation, as its Economic Adviser.

(4) The work to be attended to by this Special Officer, has been mentioned at pages 14-15/cf.

(5) The expenditure towards the pay, T.A. etc., of the Officers, including remuneration to the Economic Adviser is estimated to be Rs.27,000/- which can be met from the provision of Rs.1-00 lakh made for the purpose vide page 646 of the Non-Plan Budget Estimates 1970-71.

(6) As regards the other propos al for the sanction of Registration fees and other expenditure etc., the matter may perhaps be taken up, after the scheme is finalised and the Corporation is formed.

(7) The proposal of the C.C.F. at para 2 and 3 above is for approval. F.D.'s concurrence is necessary.

4763-

5483

For kind perusal

U.S. (Tech)
14.8.1970

13/8 D.S.

Secy. (A&F)

14/8/70

These proposals were to be discussed in a meeting with M (Forests) yesterday. The meeting has been postponed. Pl put up again when the meeting is fixed.

18/8

US (Tech)

18/8/70

5698

P.S. to Secy
for It

Note

U.S. (Tech.)
19/8/70

Examine & put up

26/8/70

Secretary

HANUMANTHAPPA
Section Officer

5698

4763

Note 3.

This was discussed with the Minister (Forests) this morning when C.C.F. was also present. The C.C.F. has given a long list of items of work which the proposed Special Officer will have to attend, in connection with the formation of the Plantation Corporation. It was felt that pending the actual formation of the Corporation, which has been accepted in principle, the post of a Special Officer of the rank of Conservator of Forests may be created immediately, as the Conservator of Forests, Working Plans and Development Circle will not be in a position to attend to the innumerable preliminaries connected with the formation of the Corporation. The Special Officer will be posted as the General Manager of the Corporation, in due course, after the Corporation comes into being.

F.D. may kindly agree to the creation of the post of Special Officer of the status of Conservator of Forests in the I.F.S. grade of Rs. 1300-50-1800 along with the post of a Stenographer in the grade of Rs. 130-3-150-8-190-EB-10-260-15-290 (plus Special pay of Rs. 30/-) for a period of 6 months or until the formation of the Forest Corporation, whichever is earlier.

(R.A. Naik),
Secy.A&FD.
26/8/70.

Secretary, F.D.

Note 4

This has been considered by the Staff Screening Committee. The details of the Scheme, and its economic viability are under examination in consultation with the AFC in Bombay. The discussions are yet to be completed, and it is seen from the papers that the AFC are sending two officers to look into the proposals and to formulate a final project. When this is the case, the precise work that the Special Officer will turn out at this stage is not clear.

2. FD would therefore suggest that the appointment of the Special Officer could wait for a little while, and could be considered as soon as the AFC complete their examination and a final project is ready. This will give sufficient time for the Special Officer to organise matters and see that the Corporation commences working effectively.

Mani Narayanswami
(Mani Narayanswami)
Secretary to Government,
Finance Department.
8-9-1970.

Note-5

Secy., A&FD

For perusal.

Note-6

Cabinet note may be put up

Min (Forests)

Sl. No. 5 (Receipt):- Copy of D.O. letter No. Dpt. 51-PAS F. 127/70-71 dt 9/10/70 from the C.F. W. P&D. Circle.

Sl. No. 6 (Receipt):- Copy of D.O. letter No. Dpt-51-PAS F. 127/69-70 dt 25/9/70 from the C.F. W. P&D. Circle.

Note 7

Orders of the Secy. A&F Dept. on p. 34/ante.

"Pl. put up a draft Cabinet Note & a draft proposing the names of Directors etc."

Intd/- R.A.M
Secy. A&F 27/9/70.

Note 8

A draft Cabinet note is put up for appl.

Ref. to Note 6 to 7

7/X/70 Draft Cabinet note submitted

D.S.
Secy. A&F.

U.S (Tech)
20/10/70

20/10/70

21/10

Min (Forests)

Note 9

Revised Cabinet note may be put up for the incorporation of the Forest Corporation.

Secy A&F)

24/10/70

Note 10.

Revised Cabinet Note proposing the immediate formation of the Forest Corporation, and the constitution of the Board of Directors, and creation of a post of Special Officer who will eventually take over as the Managing Director of the Corporation, has been put up. The Chief Minister rang me up on Saturday and suggested that pending the finalisation of the terms and conditions of financial assistance to be obtained from the A.F.C., steps may be taken to form the Corporation immediately, as the formation has been delayed too long. It was explained to the Chief Minister that it ~~may~~ be little premature to form a Corporation of this type when the terms and conditions or even the availability of the financial assistance were not settled or even specified. C.M. was of the view that it may be possible to pass on the resources to be made available to the Corporation from Government, to them immediately after forming the Corporation, leaving the matter of obtaining financial assistance to the Corporation authorities themselves. It was pointed out that no financial resources of any significance are being made available to the Corporation by the State Government except by way of transfer of large areas of forest lands and existing plantations which, though very valuable, will not meet the financial needs of the Corporation by way of Working Capital and will not help the Corporation to take up any development programme. For this purpose, it was very necessary ~~that~~ to have some specific assurance from a Financial Institution ~~would have been worthwhile~~ before forming the Corporation. The note, however, has been prepared suggesting the formation of the Corporation in view of the directions given.

(R.A. Naik),
Secy. A&FD.
26/10/70.

— 11 —

Min.(Forests).

(1) Cabinet note approved.

26/10/70
ALUR HANUMANTHAPPA
Min. of State for Forests.

(2) C.S) To place the subject before the Cabinet meeting on 28/10/70.

(CA)

C.M 59/70
26/X/70

9 C.459/70

/SECRET/ /1970/ /NO.AFD.7646.FA.70/

CABINET NOTE.

—12—

Subject:- C.459/70:

Forest Department - Establishment of Corporation for Forest Plantations -

1. The Scheme forraising Plantations of Fast Growing Species, sponsored by the Government of India on the basis of cent per cent subsidy, was in existence from 1963 till the end of the financial year 1968-69. Taking full advantage of the financial assistance given, the State Government was able to achieve considerable progress in starting plantations of economically important species of industrial potentiality. As a result of a policy decision of the Government of India, this Scheme for raising plantations of Fast Growing Species has now ceased to be a Centrally sponsored scheme. The State Government is, therefore, required to seek alternative avenues to secure financial assistance for further-ance of the scheme which needs to be continued in view of the encouraging response from the industrialists interested in pulp and wood based industries.

2. At a meeting of the concerned State Government officers and the Joint Secretary to Government of India, Ministry of Food, etc., on 18th February, 1969, it was decided that a separate Corporation may be set up to undertake this scheme on an enlarged scale.

3. Consequently a comprehensive scheme estimated to cost to Rs.38 crores involving the development of scrub forests and dry deciduous forests and extending over an area of 7,67,500 scrub forests and 15 lakhs acres of dry deciduous forests, for a period of 44 years was got prepared by the Chief Conservator of Forests for consideration of the Government. This scheme report was considered by the Cabinet on 4th March, 1970 when the following decisions were taken:-

(a) to constitute a Forest Corporation;

(b) to negotiate with the State Bank of India, Agriculture Finance Corporation and commercial banks, with a view to securing financial support for constituting the Corporation as early as possible.

4. Based on the above decisions, negotiations were started with the Agricultural Finance Corporation, Bombay. The Agricultural Finance Corporation, after a detailed study of the project report, opined that the financial aid sought after can only be available for the purpose of raising plantations yielding industrial raw materials and not for the developmental purposes of the Forest Department. Hence, the earlier project report had to be recast. A recast project report for raising and developing only the plantations of the industrially useful species, has since been prepared and submitted to the Government by the Chief Conservator of Forests (General).

Contd....2....

5. This project report envisages the raising of 2 lakhs acres of plantations of useful species of industrial potentiality at the rate of 20,000 acres per year over a period of ten years. Besides the pulp wood primarily intended for paper or Rayon Industry, these plantations are intended for the subsidiary purposes like getting aromatic oils from the distillation of leaves and electrical transmission poles, etc.

6. The total expenditure on the scheme is estimated at Rs.1,077-70 lakhs consisting of Rs.805.02 lakhs of the loan and Rs.272-68 lakhs of interest at 9% on the loan granted.

7. The equity capital of the Government will be in the form of 4 lakhs acres of land to be handed over to the Corporation after exploitation of the existing forests, which will be equal to Rs.10 crores at the rate of Rs.250/- per acre. Besides this, the Government will have to hand over to the Corporation 2.12 lakh acres of the existing plantations of eucalyptus already existing within the State, which approximately yields the revenue of Rs.36 lakhs annually, which comes in handy for the Corporation to pay the part of the loan and interest thereof even from the four year since inception. It is expected that the entire loan and interest thereof granted to the corporation from the financing agency would be repaid by about 1995 and the Government in turn will receive about Rs.25 crores by way of rental value by about 2010 A.D.

8. Considerable spade work has already been done in regard to the financial aid expected to be made available by the Agriculture Finance Corporation and their technical and financial experts are expected to visit Bangalore shortly to scrutinise the project report and the viability of the proposed schemes before the Corporation could consider the extent and terms of financial aid it has to offer.

9. In the meantime the Chief Conservator of Forests (General) has approached the Government with the proposal of appointing a Special Officer of the cadre of a Conservator of Forests of I.F.S., in the scale of pay of Rs.1,300-50-1,800 along with a post of a Stenographer in the scale of pay of Rs.150-5-150-8--190-EB-10-260-15-290 with a special pay of Rs.30/- and two Orderlies in order to take immediate action to attend to the field work connected with the selection of the plantation areas and nursery etc., which will have to be completed - well in advance, even before the actual formation of the Corporation. The formalities connected with the creation of the Corporation also involve considerable administrative work which cannot be attended to by an officer, like the Conservator of Forests (Development and Working Plans Circle), in addition to his normal work. The intention also is to nominate the same officer to be the Managing Director of the Corporation when it is constituted.

Contd...3...

10. When the proposals were referred to the Finance Department, they have expressed their opinion as noted below:-

> "This has been considered by the Staff Screening Committee. The details of the scheme, and its economic viability are under examination in consultation with the Agriculture Finance Corporation in Bombay. The discussions are yet to be completed, and it is seen from the papers that the A.F.C., are sending two officers to look into the proposals and to formulate a final project. When this is the case, the precise work that the Special Officer will turn out at this stage is not clear.
>
> 2. Finance Department would, therefore, suggest that the appointment of the Special Officer could wait for a little while, and could be considered as soon as the A.F.C., complete their examination and a final project is ready. This will give sufficient time for the Spedial Officer to organise matters and see that the Corporation commences working effectively".

11. The officers of the A.F.C., were expected to visit Bangalore in the middle of October to scrutinise the revised Project Report and to indicate the terms of the financial aid the Corporation proposed to offer. It was felt that unless the extent and the terms of financial assistance from the A.F.C., or any other Financial Institution, which was prepared to give the required assistance were known, there would be little point in forming the Corporation. However, since the formation has already been delayed pending finalisation of these negotiations with the A.F.C., and the legal formalities connected with the formation will take considerable time, it has been suggested that immediate steps may be taken to constitute the Corporation and to appoint a Board of Directors, at the earliest. The Special Officer proposed to be appointed could then take up the completion of the formalities such as preparation of the Articles of Association and Memorandum of Association and the registration of the Corporation under the Companies Act and also deal with the matters regarding the obtaining of the financial assistance with the A.F.C. or any other Financial Institution in case A.F.C., is not inclined to offer the required assistance, and settle the terms and conditions of the financial assistance in consultation with the Board of Directors and the Government. The Special Officer to be appointed will also eventually take over as the Managing Director of the Corporation.

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12. The Board of Directors may consist of the following:-

Minister of State for Forests ...	Chairman
Chief Conservator of Forests (Genl) ...	Director
Chief Conservator of Forests (Devt.) ..	-do-
Deputy Secretary, Agriculture & Forest Department. ...	-do-
Deputy Secretary, Finance Department ..	-do-
Two representatives of the A.F.C., (or any other Financial Institution which agrees to give the required financial assistance).	-do-
One Member to be chosen by Government to represent the Forest based industries such as Pulp, Paper, Rayon	-do-
Director of Industries & Commerce	-do-
Managing Director of the status of Conservator of Forests ..	-do-

13. The Minister of State for Forests has instructed for putting up the Cabinet Note in view of the Finance Department's remarks quoted in para. 10 above. The Chief Minister also instructed Secretary the other day to expedite the submission of the Cabinet Note. Hence, this note.

14. Approval of the Cabinet is solicited to -

(i) the formation of the Mysore State Forest Corporation with the Board of Directors as proposed in para. 12. The proposed Board of Directors will obtain approval of the Government for the Memorandum of Association and the Articles of Association of the Corporation and to the extent and terms of financial assistance to be obtained, as and when they are finalised;

(ii) the immediate creation of the post of Special Officer in the grade of the Conservator of Forests, with one post of A Stenographer and two posts of orderlies, in the usual scale, to assist him.

(R.A. NAIK),
Secretary to Government,
Agriculture and Forest Department.

tsv/-

12
27/X/70

13

SECRET

Extract from the Proceedings of the Thirtyeighth ***Meeting of the Cabinet of Ministers held at Bangalore on*** 18th November, 19 70

— 13 —

Secy., A. & R.
No. 7954
Date 18/11.

Subject: C.459/70

Forest Department - Establishment of Corporation for Forest Plantations -

DECISION OF CABINET

Proposals in para 14(i) are approved. Instead of creating a post of Special Officer, Government may nominate a Managing Director who will take immediate steps to get the Corporation registered after obtaining the approval of Government to the Memo of Association & Articles of Association of the proposed Corporation.

Sd/- Veerendra Patil,
Chief Minister
(18-11-1970)

Secretary,
Agri. & Forest Dept.

xxx

18/xi

DS

19/11/70

D.S.

"EXTRACT"

(Syed Basheer Ahmed) 18/xi/70
Deputy Secretary to Government, G.A.D.

N.B.:—A Copy of order issued on the Cabinet decision may kindly be sent to Cabinet Section for record.

18/11/70

Note 14.

In their Meeting on 18th November, 1970 Cabinet has approved the proposals for nominating the following to the Board of Directors of the proposed Mysore State Forest Corporation:

1. Minister of State for Forests,
2. Chief Conservator of Forests (General),
3. Chief Conservator of Forests (Development),
4. Deputy Secretary, A.&.F. Department,
5. Deputy Secretary, Finance Department,
6.) Two representatives of the A.F.C. (or any
7.) other Financial Institution which agrees to give the required financial assistance).
8. One Member to be chosen by Government to represent the Forest based Industries such as Pulp, Paper, Rayon.
9. Director of Industries & Commerce,
10. Managing Director.

A draft order appointing the official members of the Board of Directors with the Minister of State for Forests as Chairman of the proposed Corporation and sanctioning the formation of the Corporation is being put up separately. That order cannot issue unless we obtain sanction of the Finance Department for placing some amount at the disposal of the proposed Corporation for meeting the immediate expenditure on registration and to make initial subscription towards the shares of the Corporation. The question of the capital structure of the proposed Corporation is also to be determined as the structure will have to find a place in the Memorandum of Association which cannot be prepared without deciding on the exact nature of the capital structure of the Corporation.

8006. Pending the formal sanction ~~of~~ to the formation of the Board and the Corporation, it is suggested that a suitable officer may be nominated, as decided by the Cabinet, to be the Managing Director of the Corporation. The Cabinet has decided that instead of creating the post of a Special Officer to attend the work connected with the registration of the Corporation etc. a Managing Director may be nominated straightaway, who can attend to this work. It was proposed in the Cabinet note that an officer of the grade of Conservator of Forests may be nominated as the Managing Director. A suitable officer may be nominated as such, in consultation with the C.C.Fs. As the official is to be drawn from the Forest Dept. the salary and allowances which the Corporation will be paying to him will have to be determined by the Corporation in consultation with the Government, which may be done in due course.

(R.A. Naik),
Secy.A&FD.
21/11/70.

Note-15

Min.(Forests). Sri. C. Jayarama Reddy, C.F may be nominated as Managing Director of the Forest corporation.

27/11 26/11/70.

NOTE - 16

① Note - 13

② Note - 15

Cabinet has already approved the ① proposals to set up a Forest Corporation mainly for taking up the work connected with the raising of fast growing species and such other industrial plantations. The composition of the Board of Directors has also been approved by the Cabinet in their meeting held on 18th November, 1970 ② and a Managing Director has been nominated. The Board of Directors have now to obtain the approval of the Government to the Memorandum of Association and the Articles of Association of the Corporation as also to the extent of the terms and the financial assistance to be obtained for financing the Corporations Schemes, as and when these terms are finalised. These two drafts are being prepared by the Managing Director-designate. As the Finance Department is aware, negotiations have been going on with the Agricultural Finance Corporation who had indicated their willingness to make available a substantial loan to the Corporation.

In order to facilitate the registration of the Memorandum & Articles of Association of the Corporation, it is necessary to take a decision on its capital structure which so far could not be done, pending finalization of the negotiations for the financial assistance with the A.F.C. It is proposed that the Corporation may have a share capital of Rs. 2 Crores, entirely financed by the State Government, by transfering an area of 2 Lakh acres, tentatively proposed to be valued at Rs.100/- per acre. According to the opinion of Shri. P.R.Nayak, Managing Director of the Mysore Power Corporation, who has made a study of the Scheme for the Forest Corporation and has made certain valuable suggestions, an equity capital of Rs. 2 Crores should suffice to obtain the financial assistance of Rs. 7 to 8 Crores, which meets the estimated requirement of the funds of the Corporation over a period of next ten years. A larger share capital will unnecessarily entail payment of a large stamp duty and registration charges. The value of Rs.100/- per acre at which the 2 Lakh acres are proposed to be transferred to the Corporation by way of its share capital has been fixed tentatively. This value could be revised upwards if it is found necessary to increase the share capital at a subsequent date.

As shown in the Statements XI & XII (at FLAG 'R') the Corporation's requirements of funds are estimated at Rs.10.84 Crores over a period of

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15 years, to be obtained in instalments ① as shown in Col.2 of the statements XI & XII. These requirements include the funds required for payment of interest from the first year and repayment of principal in instalments from the 4th year onwards. This statement has been prepared on the assumption that the rate of interest to be charged would be 7% per annum. The A.F.C. has, however, indicated that the rate of interest to be charged has been revised from 7%, as suggested by them earlier, to 9%. It is hoped that it will be possible to persuade the A.F.C. to agree to a lesser rate of interest which, however, is not likely to be below 8%. The A.F.C. has also been insisting on condition that the repayment of the loan should start from the 4th year and that the whole loan should be repaid within a period of ten years. They have also indicated that it will not be possible to consider grant of loan for repayment of interest and loan instalments, as envisaged under our scheme, and that certain existing plantations owned by Government may have to be assigned to the Corporation in order that the revenues derived from them may be utilised for payment of the interest and the repayment of the loan instalments, as desired by the A.F.C. If this condition has to be agreed to, it means that the Corporation will have to find sums exceeding Rs. 15, 24, 37, 45 Lakhs and so on (as shown in Col.5 of the Statement XII)②, from the 4th year onwards. It has been suggested that these sums may be found from out of the revenues derived from the sale of Eucalyptus over an area of 20,000 acres per year which has been allotted to the Harihar Poly Fibres, Ltd. It would mean, as may be seen from Cols. 2 and 5 of the Statement XII, that to secure a financial accommodation of between Rs. 50 to 60 Lakhs for the next 10 years, the Government will have to surrender revenue resources of the order of Rs. 15, 24, 37, 45 Lakhs and so on from the 4th year onwards. These issues will have to be settled in negotiations with the A.F.C.

① Fig 'R' P. 27 & 28/cr

② Fig 'R' P. 38/cr

Finance Department's immediate concurrence is required to the following:-

1) Fixing the equity share capital of the proposed Corporation at Rs.2 Crores to be contributed by way of transfer of an area of 2 Lakh acres to be tentatively valued at Rs.100/- per acre. It has also been suggested that the transfer of this area would be subject to the reservation of Government's right to recover a nominal lease rent or royalty every year. This nominal lease rent or royalty will be revised at periodical intervals, when the Corporation starts making profits, in order to siphon away

...Contd.

to Government.the surpluses generated by the Corporation.

2) The amount of loan to be obtained from the A.F.C. or any other financial institutions willing to extend the facility and the terms on which this loan is to be obtained. Finance Department may suggest the tentative terms and conditions and alternatives which can be put across to the A.F.C. for their acceptance, or counter suggestions, if any. The terms and conditions which will be negotiated with the A.F.C. would include the total amount of loan, the instalments in which it has to be received, the period of loan, the rate of interest to be charged, the period of repayment and the source from which the interest and the instalments would be payable. The Managing Director-designate, Shri.P.R.Nayak, Managing Director, Power Corporation & Secretary, A.&.F.Dept., may be authorised to negotiate and finalize these terms, with the A.F.C. within the limits to be decided by Finance Department and subject to final approval of Government.

3) In addition to the above two points, F.D's concurrence is also required to an advance of Rs. 1 Lakh being granted to the Forest Corporation in order to meet the immediate requirements of registration and stamp fees and the salary of the skeleton establishment including that of the Managing Director, etc. It may be pointed out that a sum of Rs.1 Lakh has been provided in the Budget Estimates for 1970-71 under "96 Capital Outlay on Industrial and Economic Development - b.Investment in Government Commercial and Industrial Undertakings - A.Normal - 4.Investment in Forestry Corporation".

Brief notes elaborating these and other connected points have also been placed on the files at S/M & Q. A.&.F.Dept. will be glad to furnish any other clarifications required by Finance Department in this connection.

(R.A.Naik)
Secretary, A.&.F.Dept.
5.12.1970

Sri.Mani Narayanswami,)
Secretary, F.D.)

NOTE 17

It is true that Cabinet have taken a decision to set up a Forest Corporation. This also figured in FM's Budget Speech on 23-2-1970. At this stage, therefore, it may appear to be presumptuous to question any of the basic assumptions about the Corporation.

2. The fact remains, however, that on the present showing, the Corporation will not be able to function as an economically viable unit. Essentially, the hope was that the Corporation would get a head-start with the sizeable value of assets (Rs.2 crores) proposed to be transferred as Share Capital to the Corporation, and consisting of forest lands. This assumption will remain valid, but it will mean that the yield from the forest growth on this acreage will now have to go to the Corporation, which in turn will mean that Government's resources will be reduced to the extent of the yield foregone to the Corporation. As has been explained in Secretary A&FD's notes, on present assumptions, the surrender of revenue resources will amount to Rs.15 lakhs in the first year of the working of the Corporation, raising upto Rs.45 lakhs in the fourth year and so on.

3. Effectively, the Corporation's share capital will not help it in developing its production potential, as this requires cash resources. The only two sources for cash are the royalty yields mentioned in the earlier paragraph, and such financial assistance as the Corporation may be able to obtain from Financing Institutions. The AFC, from which it was hoped that funds would be available on relatively moderate rate of interest have now stipulated a 9% rate, which is nothing but the Bank rate on such loans. Even this rate of interest is with the stipulation of a Government guarantee. Further, the loan is a short-term loan to be fully repaid from the fourth year to the tenth year. The actual cash generation of the Corporation is not likely to begin so soon. The net result is that the Corporation is likely to face severe financial strain from the start and for a number of years thereafter. What sort of financial assistance the Corporation will then demand from Government in order to rescue it, is difficult to predict at this stage.

4. One very good way of raising resources would have been for the Corporation to float open-market debentures. I am afraid, however, the prospects for this are somewhat bleak at the moment. The fact that we have created several Corporations in the last few months,

all of which will have to lay claim to a part of the same limited resources, has always to be kept in mind. Our borrowing programme for the State has been cut severely by the RBI and during the current year we have been allowed for the institutions (Other than the State Government, MSEB, Land Development Bank and State Finance Corporation) a total of only Rs.4 crores. We are making this available to the Housing Board and the MSRTC. In fact, the BWSSB has also to go in for a floatation of Rs.1 crore, as LIC have made this a pre-condition for providing for project loan from their side. With this background, it is highly doubtful if the Forest Corporation can have access to any open-market resources.

5. These features are being pointed out in order to direct attention to possible difficulties which the Corporation may face. If Government, having regard to previous commitment, still feel that the Corporation must be set up immediately, it may have to be done with a full recognition of the possible handicaps it will face.

6. The specific points for FD's concurrence relate to the fixing up of the equity share capital of the Corporation to Rs.2 crores, the amount of loan to be obtained from AFC, and the budgetary provision for the usual items of initial expenditure. The equity share capital could be fixed at Rs.2 crores as proposed (higher share capital will mean higher fees to be paid by the Corporation at this stage. However, the valuation of land at Rs.100 per acre seems too low, and it might be better initially to transfer only 100,000 acres (instead of 200,000 acres as proposed) at Rs.200 per acre, instead of Rs.100 per acre as proposed. A stipulation may also be made about Government's right to recover rent or royalty.

7. With regard to loan from AFC, the conditions of the loan are not at all encouraging. They should really be willing to relax either the rate of interest or the period of repayment. It is better that we do not take any final view at this stage, and that Shri PR Nayak may be authorised to have further discussions with them before making specific proposals to Government.

8. The amount of Rs.1 lakh proposed for the initial expenses of registration etc. may have to be given, if it is firmly decided to go

20

to go ahead with the Corporation, notwithstanding the difficulties explained above.

Sd/- Mani Narayanswami
Secretary
Finance Department
15-12-1970

FM

Yes.

Id/- Ramakrishna Hegde 16/12
Minister for Finance and
Youth Affairs.

FS

"E X T R A C T" from FD papers.

(N. S. BHARATH) 22/12/70.
Joint Secretary to Government
Finance Department

Secy.,
A&FD

Note 18.

From the above notings it is not clear to what proposals the Finance Department has given its approval. We shall be grateful if these are spelt out in specific terms, so that there is no misunderstanding at a later stage.

(R.A. Naik),
Secy.A&FD.
22/12/70.

Sri Mani Narayanswami,
Secy.FD.

NOTE-19

I consulted FM(who was at Delhi) on the telephone. He agreed that orders may issue constituting the Corporation and providing for the transfer of one lakh acres of forest land towards the share capital, at Rs.200 per acre. The initial expenditure of Rs.1 lakh required by the Corporation may also be approved.

2. FM agreed that the full question of financing of the Corporation's activities, in the light of AFC's reactions, will have to be explored in greater detail.

3. Immediately after my telephone conversation with FM, I informed Secy A&FD. He may like to take over the file for issue of orders.

Mani Narayanswami
(Mani Narayanswami)
Fin. Secy. 30-12-1970.

Secy A&FD

21/1/70

21

MINISTER OF STATE FOR FORESTS.
~~DEPUTY MINISTER FOR MINOR IRRIGATION~~

MINUTE

No. M.F. 91/70

Bangalore, Dated. 22nd Decr. 1970

Note. 20

(1) The Cabinet at its meeting held on 18th November 1970 has given its approval for the constitution of a Board of Directors for the proposed Mysore State Forest Corporation and also for the nomination of a Managing Director. The approval of the Chief Minister has also been obtained for the appointment of Shri C. Jayarama Reddy, Conservator of Forests as the Managing Director of the Corporation.

In view of the above, action may be taken immediately to issue a Government Order constituting the Board of Directors and also nominating Shri C. Jayarama Reddy as the Managing Director.

Alur Hanumanthappa 22/12/70
(Alur Hanumanthappa)
Minister of State for Forests.

8732
22.12.70

Secretary,
A.&.F. Deptt.

(2). Note. 21

Main file obtained from FD is placed below. Pl put up suitable draft orders

Sd 30/12/70

D/S

(3) Two draft orders, 1) Sanctioning the formation of the Corporation, and 2) ordering the composition of the Board of Directors are placed below for approval.

Note. 22

Dy. Secy. A&F
No. 8035
31/12

8960
31.12.70

Secy. A&F.

Note. 23

31/12/70

F.D. may kindly see the

two drafts to verify (or add) the correct heads of accounts etc.

31/xy

8960 xxx
31/12

~~F.D.~~

Note-24

F.S. may kindly see the extract of his note at Note 17 of the AFD file in this connection. As regards the point raised in the note of Secy. AFD, the hoac is 96. Capital Outlay b. Investment in Government Commercial and Industrial Undertakings A. Normal 4. Investment in Forestry Corporation (Current years provision - Rs 1 lakh).

31/12

~~F.S.~~

2.1.71.

2/1

Secy. AFD)

Min. of St. Forests.
No. 7-1 Date 2/1/71

Note-25

Pl issue orders of mentioning the head of A/c as pointed out by F.D of Ministry of Forests has seen. Approved. Issue to day only, press note be given. 2/1/71

PS to Min (Forests) 96
US

2/1/70

Issued on 6/1/71

Sl. No. 16 (Receipt):- Letter No. CL. 1971 dt 4/1/70 from the M.D. Mysore Forest Corporation Ltd

Note. 27

The Managing Director, Mysore State Forest Corporation, has sent copies of Memorandum of Association and Articles of Association for appl. of Govt.

The cabinet decision at note. 13 ante is for perusal. According to the decision of the cabinet, the M.D. has sent the Memorandum of Assn and Articles of Assn.

A draft cabinet note soliciting approval of the cabinet to the Memorandum of Assn and Articles of Assn. is put up for appl.

~~U/C (Tech)~~

6/1/71

The matter was discussed in person and with the Secy and Dy Secy. A&F and it was felt that it is better to refer the Memorandum and Articles of the Association to the Law Dept. for scrutiny before it is submitted to the cabinet for approval.

So please put up a D.O. letter addressed to the Managing Director,

requesting him to take it personally to the L.D. and examine the clauses jointly and intimate the result in due course, as early as possible.

6.1.71.

24

S.A.R.B.
6/1

Note 28

A draft D.O. letter is put up for appl.

U/s Tech — Please vetting

7/1/71.

11/1/71

Issued on 12/1/71

Note 29.

In their 38th meeting the Cabinet have decided to form a Forest Corporation for raising the forest plantations and of useful species required to meet the demand of the various forest-based Industries. The Cabinet decision further enjoins that the Articles and Memorandum of Association of the Corporation may be got approved by the Cabinet, after they are prepared by the Managing Director-designate. The draft Memorandum of Association and Articles of Association of the proposed Corporation are at pages 76-69 and 68-51, respectively. The Law Department may kindly scrutinise these drafts, on a priority basis, as the Minister for Forests desires that these be got approved at a Cabinet meeting proposed to be held on Monday, the 18th instant.

(R.A. Naik),
Secy.A&FD.
16/1/71.

Sri Chammanya
16.1.71

Sri. C. Govindaraju,
Secy. L&PA.

Note 30

The memorandum and Articles generally confirm to the provisions of the Companies Act 1956. Regarding Reserved trees and Sandalwood trees the

functions of the Company shall have to be subject to and in accordance with the provisions of Mysore Forest Act 1964.

Article 8 is slightly modified as in the slip attached. The names of the Directors at sl-no. (7),(8),(9) of Article 25 will have to be specified.

Joint Draftsman) MHL 16/1 16.1.71

Secy. A & F) 16/1

Asst. Draftsman & Secretary
Under Secy. Law Dept.

Note 31

Draft Cabinet Note is sent herewith. ~~The~~ Min (Forests) has authorized me to send it without showing it to him as he will not be available till late in the evening today.

C.S (Cabinet Section) 16/1

Secy., A & F. Dept.

32

CA 16/1/71

26

SECRET 1971 No.AFD 1 FAP 69

CABINET NOTE

SUBJECT:-C.21/71 Note-33

Forest Department - Establishment of Corporation for forest plantations - Memorandum of Association and Articles of Association.

-:-

In connection with the proposals to set up a Forest Corporation for raising forest plantations of useful species to meet the demands of the various Wood Based Industries, a decision has been taken by the Cabinet at its 38th meeting to start Forest Corporation after constituting the Board of Directors etc., Further it has also been decided to get the Corporation registered after obtaining the approval of the Government to the Memorandum of Association and Articles of Association for the proposed Corporation.

2. The Government Orders in this connection constituting the Board of Directors and nominating Sri C. Jayarama Reddy as Managing Director have since been issued. Simultaneously, the Government Order fixing up the financial structure of the proposed Corporation has also been issued. In accordance with the instructions contained in the decision of the Cabinet taken on 8-11-70, the Memorandum of Association of the Mysore Forest Corporation as also the Articles of the Association of the Forest Corporation have since been received duly formulated and proposed by the Managing Director of the Forest Corporation.

3. The main as well as the ancillary objects of the Corporation as contained in the proposed Memorandum of the Corporation are consistent with the decisions taken earlier by the Cabinet, regarding setting up the Forest Corporation. Under the proposed main objects of the Memorandum of the Corporation there is considerable scope for not only raising the plantations of various species required for Wood Based Industries but also for raising plantations of commercially important species required for other allied industrial purposes, like Rubber, Cashew, Cocoa, Aromatic Plant etc. Further, there are adequate provisions and ample scope for not merely raising plantations ~~and ample scope for not merely raising plantations~~ but also for taking up other connected activities like exploitations, marketing and disposal of the various plantation ~~x~~ crops, which may be of short term or long term proposals. Sufficient provision has been made in the Memorandum for starting of various allied industries by the Corporation itself utilising the plantation crops raised in its own organisation. The ancillary objects are quite comprehensive in that they provide ample scope for undertaking various activities which are incidental to and allied with the undertakings of raising large scale plantation of variety of species of plants with industrial potentiality and commercial importance.

p.t.o.

In brief, it may be stated that the proposed Memorandum of the Corporation provides for ample scope for the diversification of the activities of the Corporation depending upon the opportunities, within the frame work of the main objectives.

4. The various provisions envisaged in the proposed Articles of the Corporation are quite elaborate and comprehensive giving full scope for the smooth and efficient administration of the business transaction of the Corporation. Provision has been made in the Articlesof the Corporation affording the necessary financial power at various levels in the set up of the Corporation, mainly aimed at quick decisions and speedy disposals, without which the proper function of the Corporation on the lines of a Commercial business organisation will be very difficult. At the same time, the Articles of the Corporation provide for effective control by the Government of the various activities of the Corporation at various levels, including matters pertaining to the service conditions of the personnel of the Corporation.

5. The Memorandum of the Corporation and the Articles of the Corporation have passed through the seives of the legal scrutiny and even received their approval.

6. Approval of the Cabinet is solicited for the Memorandum of Association of the Forest Corporation and also the Articles of Association of the Mysore Forest Corporation.

(R.A. NAIK)
Secretary to Government,
Agriculture & Forest Department.

csk.

28

SECRET

Extract from the Proceedings of the Third *Meeting of the Cabinet of Ministers held at Bangalore on* 18th January 1971

Note · 33

SUBJECT:- C.21/71

Forest Department - Establishment of Corporation for Forest planatations - Memorandum of Association and Articles of Association.

DECISION OF CABINET

Approved.

Sd/-
(Veerendra Patil)
Chief Minister.
18.1.71

Secretary to Govt.,
A & F Dept.

19/1/71

Note · 34

for personal before taking further action.

Note · 35

19/1/71

Min (Forests)

19/1/71

ALUR HANUMANTHAPPA
Min. of State for Forests

Dy. Secy., A&F
No. 298
19/1

Min. of St. Forests
F.72, Date 19/1.

20/1/71

"EXTRACT"

(Syed Basheer Ahmed) 18.1.71
Deputy Secretary to Government, G.A.D.

N.B.: A Copy of order issued on the Cabinet decision may kindly be sent to Cabinet Section for record.

Note-36

A draft G.O. is put up for appl.

Ref. to Note 32 to 35

20/1/71 D.S.

20.1.1971

Note-37

Let us await till the Articles of Assn. & Memorandum are accepted by the Registrar.

20/1/71

SL. No. 13 (Receipt) :- Letter no. nil dt 21/1/71 from the Managing Director. M.S.T. Corpn.

Note-38

The Managing Director's letter at P. 104/cF is for perusal w/r to Note. 37 above. It is Reported that the Registrar of Companies has scrutinised the Memorandum and Articles of Association; and has accepted for Registration.

The draft G.O. put up at p. 105/cF is therefore for appl.

Ref. to Note 37 above.

Secy. A & E No. 350 22/1

21/1/71 D.S.

39

Issue

22/1/71

21.1.71

22/1/71

Issued on 23/1/71

Sl. No. 13 (Receipt):- Letter No. 5/71 dt 27/1/71 from the M.D., M.S.T. Corpn.

Note. 40

The Managing Director, M.S.T. Corpn. has sent a copy of Registration Certificate issued by the Registrar of companies, which may pl. be perused at p. 133/cF.

This file may now be recorded under class 'B' if approved.

1/2/71 U/S (Tech)

2/2 For kind perusal of the certificat on P. 133.

D.S.

2.2.71

5/2/71 6.2.71

Dy. Secy., A&E
No. 666
5/2

B

8/2/71

SL. NO-13 FD 588 FA 71 27/1/71 31 P.134

No.5/71

OFFICE OF THE MANAGING DIRECTOR,
MYSORE STATE FOREST CORPORATION LTD.,
Bangalore:Dt:27-1-1971.

To

The Secretary to the Government of Mysore,
Agriculture & Forest Department.

Sir,

Sub: Forest Corporation - Registration of -

I am enclosing herewith a copy of Registration Certificate of THE MYSORE STATE FOREST CORPORATION LIMITED issued by the Registrar of Companies under the Companies Act,1956 (No.1 of 1956) for information of Government.

Yours faithfully,

C. Jayarama Reddy 27/1
(C.Jayarama Reddy)
Managing Director,
Mysore State Forest Corporation Ltd.,
Bangalore.

27/1

27/1

32 P.133

FORM I.R.

CERTIFICATE OF INCORPORATION.

No.1999

I hereby certify that MYSORE S-TATE FOREST CORPORATION LIMITED is this day incorporated under the Companies Act,1956 (No.1 of 1956) and that the Company is Limited.

Given under my hand at BANGALORE this Twentyfifth day of January, One thousand nine hundred and Seventy One. (5th Magh-1892.) S.E.

Sd/-
(K.Panchapakesan)
Registrar of Companies,
Mysore,Bangalore.

/Copy/

C. Jayarama Reddy 27/1
(C.Jayarama Reddy)
Managing Director,
Mysore State Forest Corporation Ltd.,
Bangalore.

33 P.132

FORM I.R.

CERTIFICATE OF INCORPORATION.

No.1999

I hereby certify that MYSORE STATE FOREST CORPORATION LIMITED is this day incorporated under the Companies Act,1956 (No.1 of 1956) and that the Company is Limited.

Given under my hand at BANGALORE this Twentyfifth day of January, One thousand nine hundred and Seventy One. (5th Magh-1892.) S.E.

Sd/-
(K.Panchapakesan)
Registrar of Companies,
Mysore,Bangalore.

/Copy/

C. Jayarama Reddy 27/1
(C.Jayarama Reddy)
Managing Director,
Mysore State Forest Corporation Ltd.,
Bangalore.

34 P.131

FORM I.R.

CERTIFICATE OF INCORPORATION.

No.1999

I hereby certify that MYSORE STATE FOREST CORPORATION LIMITED is this day incorporated under the Companies Act,1956 (No.1 of 1956) and that the Company is Limited.

Given under my hand at BANGALORE this Twentyfifth day of January, One thousand nine hundred and Seventy One. (5th Magh-1892.) S.E.

Sd/-
(K.Panchapakesan)
Registrar of Companies,
Mysore,Bangalore.

/Copy/

C. Jayarama Reddy 27/1
(C.Jayarama Reddy)
Managing Director,
Mysore State Forest Corporation Ltd.,
Bangalore.

35 P.1230

FORM I.R.

CERTIFICATE OF INCORPORATION.

No.1909

I hereby certify that MYSORE STATE FOREST CORPORATION LIMITED is this day incorporated under the Companies Act,1956 (No.1 of 1956) and that the Company is Limited.

Given under my hand at BANGALORE this Twentyfifth day of January, One thousand nine hundred and Seventy One. (5th Magh-1892.)
S.K.

Sd/-
(K.Panchapakesan)
Registrar of Companies,
Mysore,Bangalore.

/Copy/

C. Jayprama Reddy 27/1
(C.Jayprama Reddy)
Managing Director,
Mysore State Forest Corporation Ltd.
Bangalore.

-SL. No. 14 36 P. 129

Sub: Forest Department - Mysore State Forest Corporation Ltd., - Memorandum of Association & Articles of Association - Approved.

PROCEEDINGS OF THE GOVERNMENT OF MYSORE

ORDER NO.AFD 1 FAP 69,

DATED: BANGALORE: THE 23RD JANUARY 1971.

With reference to letter No.C1-1971 dated the 4th January 1971 of the Managing Director of the Forest Corporation (Designate), the Governor of Mysore is pleased to approve of the Memorandum of Association and Articles of Association of the Mysore State Forest Corporation Ltd., as appended hereto.

S N Krishna murthy
(S.N.Krishna Murthy)
Special Officer & Ex-Officio
Under Secretary to Government,
Agriculture & Forest Department.

To

The Managing Director(Designate), Mysore State Forest Corporation.
The Chief Conservator of Forests(General) in Mysore, Bangalore.
The Chief Conservator of Forests(Development), Bangalore-3.
The Director of Industries & Commerce in Mysore, Bangalore.
The Deputy Secretary, Finance Department.
The Deputy Secretary, Agri. & Forest Department.
Copy to: P.S. to Minister for Forests
Cabinet Section(With reference to C.22/71 dated 18-1-1971)
Monthly Gazette.

ISSUED Excerpt to Monthly Gazette.
Date 1-2-1971

hns/23-1/

MEMORANDUM OF ASSOCIATION OF MYSORE STATE FOREST CORPORATION LIMITED.

I. The name of the Company is Mysore State Forest Corporation Limited.

II. The Registered Office of the Company will be situated in the State of Mysore.

III. The objects for which the Company is established are:

MAIN OBJECTS.

1. To develop land for raising Forest Plantations and in particular Eucalyptus, Bamboo, tropical pines, rubber, Cashewnut, Cocoa and such other suitable species in the State of Mysore for the purpose of development of industries based on their produce.

2. To plant, grow, cultivate, produce and raise plantations of all kinds or varieties of Forest plants, trees and crops and natural products of every kind and other agricultural crops and to buy, sell, export, import, process, distribute or otherwise, deal in all kinds of Forest plants, tree crops, natural products and Agricultural crops.

3. To carry on the business of planters cultivators, sellers and dealers in timber, plywood, pulpwood, matchwood and such other products of every description and to manufacture, dispose of, sell and deal in products of such plantations and other forest crops of every description.

4. To establish, administer, own and run industries for manufacturing Forest products.

5. To promote the development of Forest Industries, to operate suitable schemes and for that purpose to prepare and get or cause to be prepared reports, blue prints, statistics, feasibility studies and project reports and other information.

6. To promote companies, firms, establishments, concerns or undertakings for the purpose of development of industries based on forest produce and to assist and finance any individual firm or company with capital, loan, credit resources etc.

ANCILLARY OBJECTS.

The objects ancillary or incidental to the attainment of the main objects of the Company are:

1. To deal in all kinds of Chemicals, manures, fertilisers, pesticides, weedcides, fungicides, pharmaceutical products.

2. To deal in all kinds of equipments for logging conversion, hauling and transport of Forest Produce, Agricultural machinery and equipments, machine tools and metals of all kinds, fuel oils, lubricants and to establishment and run engineering and repair workshops of all descriptions.

3. To produce, grow, process, export, import of all varieties of Forest seeds, garden seeds, farm seeds and seeds of all kinds and fodder of all varieties of any kind of product or by-products, therefrom.

4. To acquire by concessions, grants, purchase, barter, license, lease or otherwise either absolutely, conditionally, solely or jointly with other, any tract or tracts of country lands, estates, houses, farms, watchrights, way-leaves and other works, privileges, rights, hereditaments and any machinery plant utensils, tract marks or other moveable and immovable property of any description whatsoever in any place in India or outside and to explore, survey, cultivate or develop the same.

5. To develop the resources of and turn to account any lands and any rights over to or connected with land belonging to or in which the Company is interested by clearing, drainage, fencing, irrigating, graming and by promoting irrigation and the establishment of colonies and settlements.

6. To manage wholly or in part, jointly or otherwise factories, farms, estates, gardens, forests, plantations and other establishments or concerns, manufacturing any forest, agricultural or animal products or by-products.

7. To enter into agreements and contracts with Governments, individuals, companies or other organisations for technical, financial or any other assistance for carrying out all or any of the objects of the Company.

8. To enter into any partnership into any agreements, or arrangement for sharing profits, union or interest, co-operation or joint adventure, receprocal concessions or otherwise with any person. company, association or firm, having objects similar to those of the Company and calculated to benefit the Company and to carry on or conduct or liquidate or wind up any such partnership or arrangements purchased or otherwise acquired.

9. To sell or dispose of or transfer the business of the Compay or any part thereof for such consideration as the Company may deem proper and in particular for shares, debentures, or securities of any other Company having objects altogether or in part similar to those of the Company.

39 P.126

10. To promote any Company or companies for the purpose of acquiring all or any of the properties, rights and liabilities of the Company or for any other purpose calculated to benefit the Company, directly or indirectly and to distribute as may be resolved, in specie or otherwise, amongst the members of the Company the assets possessed or received by the Company.

11. To apply for, acquire and hold any charters, privileges, licences, monopolies, concessions, patents or other rights or powers, from the Indian Government or any other Government or State or any local or other authority in India or elsewhere or from any commercial or other companies, individuals or institutions and to exercise any powers, rights, privileges etc., so obtained.

12. To purchase, take on lease or otherwise acquire for the purposes of the Company any estates, lands, plantations buildings, machinery, industrial units, roads, railways or railway sidings or other interests in immovable property and to mortgage, sell, let on lease, convey, assign or exchange and to manage in any other way the property and assets of the Company or any rights therein on such terms and conditions as the Company may think fit.

13. To purchase or otherwise, acquire, erect, maintain, construct, repair and alter any building, sheds, offices, plants, machinery, drains, roads, bridges, culverts, railways and railway sidings, stalls, godowns, fences and boundaries and all other structure found necessary or convenient for the purpose of the Company.

14. To raise, borrow, or secure moneys in such manner and such terms as may deem expedient and in particular by way of loans, advances, deposits and issue of bonds, debentures or mortgages whether perpetual or otherwise and charged or not charged on the whole or any part of the rights or properties of the Company including the uncalled capital and redeem, purchase or pay off any such securities.

15. To draw, accept, make endorse, discount and negotiate bills of exchange, hundies, promissory notes, bills of exchange, bills of lading, delivery orders, warrants, warehouse keeping certificates and other negotiable or commercial mercantile instruments for/or in the prosecution of the business of the Company.

16. To pay all costs, charges and expenses ~~of~~ incidental to the promotion, formation, registration and establishments of the Company or its branches and the issue of its capital, including any underwriting or other commission, brokers' fees, lawyers' charges and to remunerate in cash or in any other

manner, any person or persons, for services rendered or to be rendered in introducing any persons or business to the Company or in placing or assisting to place or guaranteeing the subscription of any shares, debentures, debenture stock or any other securities of the Company or for any other reason and for arrangements made prior to and in anticipation of the formation and incorporation of the Company which the Company may think proper.

17. To receive grants, loans, advances, or other moneys or deposit, or otherwise from State or Central Government Banks Companies, trusts or individuals with or without allowance of interest thereon, but without doing the business of banking within the meaning of the Banking Regulation Act 1949 (Central Act X of 1949).

18. To lend or deposit money belonging to, entrusted to or at the disposal of the Company to such persons or companies on such terms as may deem expedient, and in particular to customers and other having dealings with the Company with or without security upon such terms as may be thought proper and to guarantee the performance of contracts by any such persons or companies but not to do the business of banking as defined in Banking Regulation Act 1949.

19. To invest the moneys of the Company, not immediately required, in such manner, other than in the share of the Company as from time to time may be determined.

20. To establish, maintain, subscribe to or subsidise or become member of training institutions, research laboratories, research institutions, and experimental workshops for scientific and technical research and experiments.

21. To act as agent for Government or other authorities or any manufacturers, merchants and others and to transport and carry any agency, business of every kind and of any description.

22. To employ or pay experts, Indian or foreign consultants, etc., in connection with Planning and development of all or any of the business connected with the Company's operations.

23. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any special or other fund, whether for depreciation or for repairing, replacing, improving, extending or maintaining any of the property of the Company or for redemption of debentures or redeemable preference shares or for special dividends or for equalising dividends or for any other purpose whatsoever, and to transfer any such fund or part thereof to any of the other funds herein mentioned.

24. To use trade marks or trade names or brands for the products and goods of the Company and adopt such means of making known the business and products of the Company or of any Company in which the Company is interested as may seem expedient and in particular by advertising in news papers, magazines, periodicals by circulars by purchase and exhibition of works of art of interest by opening stalls and exhibitions by publications and distribution of books and periodicals, calenders, alamances and diaries by distributing samples and by granting prizes, rewards and donations.

25. To establish or appoint and maintain agencies for branches in India and elsewhere and to regulate and discontinue the same.

26. To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or dependents on connections of such persons by establishing provident or other funds, by grants of money, persons or other payments and by providing or subscribing towards places of instruction and recreation and hospitals, dispensaries, medical and other assistance, as the Company shall think fit, and to subscribe money to or for and otherwise help any charitable or benevolent object or any exhibition or any public show or useful object.

27. To distribute in species or otherwise as may be resolved, any assets of the Company among its members, and particularly the shares, debentures or other securities of any other company formed to take over the whole or any part of the assets or liabilities of this Company as may be permissible under Law.

28. To make donations to such persons or institutions and in such cases either of cash or of any other assets as may be thought, directly or indirectly conducive to any of the Company's objects.

29. To employ foresters, cultiv-ators, gardeners, engineers mechanics, masons, carpenters, scaffold setters, painters, electricians and other technicians, salesmen, commercial and administrative staff and such other staff as may be found necessary for the efficient handling and conduct of the business of the Company.

30. To make advances upon or for the purchase of materials, goods, machinery, stores, and other articles required for the purpose of the Company.

31. To tender for purchase or otherwise acquire any contracts and concessions for or in relation to the construction executions, carrying out, equipment, improvement, management

administration, or control of works and convenience and to undertake, execute, carryout, dispose of, or otherwise turn to account the same.

32. To let out on hire all or any of the properties of the Company including every description of apparatus and appliances of the Company.

33. To amalgamate with any Company/Companies having objects altogether or in part similar to those of this Company.

34. To obtain any Act of the Central or State Legislature, Provisional Order, license of autonomous body or authority for enabling the Company to carryout any of its objects into effect or for effecting any modification of the Company's constitution or for any other purpose which may seem expedient and to oppose any proceedings of application which may seem calculated directly or indirectly to prejudice the Company's interest.

35. To open account or accounts with any individual, firm, or companies or with any bank or banks and to pay into and to withdraw moneys from such account or accounts.

36. To improve, manage, work, develop, alter, exchange, lease mortgage, turn to account, abandon or otherwise deal with all or any part of the property, rights and concessions of the Company.

37. Subject to the provisions of the Companies Act 1956 and the constitution of India, to subscribe or contribute or to guarantee money to or otherwise to assist charitable, benevolent, scientific, national, or other institutions or objects or for any exhibition or for any public, general or useful object.

38. To procure the registration or other recognition of the Company in any country, state or place outside India.

39. To open and keep a register or registers in any country or State in India or abroad, wherever it may be deemed necessary and expedient to do so.

40. To undertake and execute any trusts and undertaking where of may seem desirable, either gratuitously or otherwise.

41. To do all or any of the matters hereby authorised (in any part of the world) either alone or in conjunction with or as factors, trustees or agents for any other companies or persons or by or through any factors, trustees or agents.

IV. The liability of the Members is limited.

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V. The Share Capital of the Company is Rs. 2,00,00,000/- (Rupees Two Crores) divided into 20,000 (Twenty thousand) equity shares of Rs. 1,000 (Rupees One Thousand) each.

We the several persons whose names and addresses are subscribed below are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of equity shares in the Capital of the Company set opposite our respective names.

Sl. No.	Name, address, description and occupation of subscribers.	No. of shares taken by each Subscriber.	Signature of Subscriber.	Witness to Signature with address, description and occupation.
1.	GUNDERAO BHIMSENRAO DESHPANDE, Deputy Secretary to Government, Agriculture & Forest Department, Bangalore. S/o Late Rai Bhimsenrao Deshpande.	SIX	Sd/-G.B.Deshpande	S.N.Krishna-Murthy, S/o Sri S.Nagappa, Special Officer, & Ex-Officio Under Secretary Agriculture & Forest Department, Bangalore.
2.	YELAGONDAHALLI MUNISWAMI IYER LAKSHMINARAYANA SHARMA, Chief Conservator of Forests (General) in Mysore, New Public Offices, Bangalore-1. S/O Late Sri Muniswami Iyer.	ONE	Sd/-Y.M.L.Sharma.	V.Sreenivas, S/o Shri H.S. Venkatanagappa, Steno to the Chief Conservator of Forests (General) in Mysore, New Public Offices, Bangalore.
3.	CHINNAREDDY JAYARAMA REDDY, Managing Director Designate, New Public Offices, Bangalore-1. S/o Sri Chinna Redd-y.	ONE	Sd/-C.Jayarama Reddy.	B.Ramasesha Iyengar, S/o Late Shri A.S. Venkatachar, Steno to the Conservator of Forests, Wild Life Circle, Mallesvaram, Bangalore-3.
	TOTAL	EIGHT	Shares only.	

S.N. Krishna Murthy
(S.N.Krishna Murthy)
Special Officer & Ex-Officio
Under Secretary to Government,
Agriculture & Forest Department.

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ARTICLES OF ASSOCIATION OF MYSORE STATE FOREST CORPORATION LTD.

PRELIMINARY.

Definition.

1. In these articles unless there be something in the subject or context inconsistent therewith:

"The Company" means Mysore State Forest Corporation Limited.

"The Government" means the Government of Mysore.

"Dividend" includes bonus.

"In Writing" and "Written" include printing, lithography and other modes of representing or reproducing words in a visible form.

"Member" means the duly registered holder from time to time of the shares of the Company.

"Month" means calender month.

"Persons" includes corporations as well as individuals.

"The Register" means the Register of Members to be kept pursuant to the Act.

"Share" means share in the Share Capital of the Company.

Table A to apply.

2. The regulations contained in Table 'A' in the first schedule to the Companies Act I of 1956 are hereby adopted, except in so far as they are excluded, added to or modified herein, as the regulations for the management of the Company.

The following articles in Table 'A' are specifically excluded:-

Proviso to Article 13(1) Article 56, Article 65, Article 66, Article 76, Article 81 and Article 84.

The marginal notes and catch lines hereto shall not effect the construction thereof.

PRIVATE COMPANY.

Private Company.

3. The Company is a Private Company and accordingly -

(a) The number of members for the time being of the Company, subject to Section 3(1) (iii) of the Act, is limited to fifty.

...2.

(b) Any invitation to the public to subscribe for any shares in, or debentures of, the Company is hereby prohibited.

(c) The right to transfer shares shall be restricted as herein after provided.

SHARE CAPITAL.

Allotment of Shares: 4. The shares shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons on such terms and conditions as they think fit.

CALLS ON XXXXXXXX/SHARES.

Directors may make calls. 5. The Board shall have full discretion to fix the amount of each sum called in respect of a share and to determine the interval between two calls.

Calls to carry interest. 6. In partial modifications of Article 16(1) of Table 'A' the Board may from time to time fix rate of interest to be paid on calls not paid.

TRANSFER AND TRANSMISSION OF SHARES.

Restriction on transfer. 7. No shares shall be transferred by any holder without prior consent of the Government but this restriction shall not apply to transfers in favour of nominees of the Government.

Provided the Directors may, in their absolute and uncontrolled discretion, refuse to register any proposed transfer of shares.

No transfer to minor etc. 8. No shares shall, in any circumstances, be transferred to any minor, insolvent or person or unsound mind. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title, or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do.

FOR-FEITURE OF SHARES.

Notice of forfeitures.

9. In partial modification of Article 29 of Table 'A' a notice of forfeiture of shares for failure to pay any call may also require the payment of all expenses that may have been incurred by the Company by reason of such non-payment.

Effect of forfeiture.

10. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.

ALTERATION OF CAPITAL.

On what conditions new shares be issued.

11. Any new shares issued shall be upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct, and if no such direction be given, as the Directors shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special or without any right of voting or otherwise.

New Capital same as existing capital.

12. Except so far as otherwise provided by the conditions of issue or by these Articles any Capital raised by the creation of new shares, shall be considered as part of the original capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Sub Divisions into preferred and ordinary.

13. The resolution, referred to in Article 45 of Table 'A' whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-divisions, one or more of such shares shall have some preference or special advantage as regards dividend, capital voting or otherwise over or as compared with the other or others.

BORROWING POWERS.

Powers to borrow.

14. Subject to the provisions of Section 292 of the Act, the Board of Directors may, from time to time at its discretion, accept deposits from Members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

The payment of repayment of moneys borrowed.

15. The payment of repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular, by a resolution passed at a meeting of the Board (and not by resolution by circulation) by mortgage or charge of or by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being, and debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Charges or uncalled Capital.

16. If any uncalled Capital of the Company is included in or charges by any mortgage or other security, the Directors may by instrument under the Company's seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the Members in respect of such uncalled capital and such authority may be made exercisable either presently or contingently and either conditionally or unconditionally and shall be assignable if expressed so to be and the provisions in regard to calls hereinbefore contained shall mutatis mutandis, apply to calls made or to be made on such authority.

Terms of Issue of debentures.

17. (a) Any debenture or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Provided that debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

Persons not to have priority over any prior charge.

(b) Whenever any uncalled capital of the Company is charged, all persons taking any subsequent charges thereon shall take same subject to such prior charge and shall not be entitled by notice to the share holders or otherwise to obtain priority over such prior charge.

GENERAL MEETINGS.

Seven days notice.

18. Not less than seven days' notice of every General Meeting shall be given in writing. Provided a shorter notice may be given if consent is accorded thereto in accordance with Section 171 of the Act.

Right of Government to appoint any person at its representative.

19. (i) The Government, so long as it is a shareholder of the Company, may from time to time, appoint such person as it thinks fit (who need not be a Member) to represent it at all or any meetings of the Company.

(ii) A person appointed under sub-clause (i) of this Article shall, for the purposes of the Act, be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) as the Government could exercise as a Member of the Company.

(iii) The Government, may, from time to time, cancel any appointment made under sub-clause (i) of this Article and make fresh appointments.

(iv) The production at the meeting of an order of the Government shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.

(v) Any person appointed by the Government under this article may appoint a proxy whether specially or generally.

VOTES OF MEMBERS.

Vote by Proxy.

20. Subject to theprovisions of these Articles votes may be given either personally or by proxy. A member present by proxy shall be entitled to speak at meetings and to vote on a show of hands as well as on a poll.

Number of Votes to which members entitled.

21. On a show of hands every member present in person or by proxy shall have one vote and upon a poll every Member present in person or by proxy shall have one vote for every share held by him either alone or jointly with any other person or persons. Provided, however, if any preference shareholder be present at any meeting of the Company, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares. The preference share holders may vote on the resolutions only in the circumstances provided under Section 87(2) of the Act.

BOARD OF DIRECTORS.

Number of Directors.

22. Subject to the provisions of Section 252 of the Act, the Government shall, from time to time, determine in writing the number of Directors of the Company which however, shall not be less than two or more than twelve. The Directors shall not be required to hold any qualification shares

...6.

Government to appoint Directors.

23. (i) The Directors shall be appointed by the Government and shall be paid such remuneration as the Government may from time to time determine. Every Director, unless he has been appointed to any office under Article 27 hereof, shall hold office for a period of 3 years. Where the person appointed as Director (including the first Director) is the Chief Minister or a Minister or a Member of the Parliament or a Member of the State Legislature, he shall not be entitled to any remuneration.

(ii) The Government shall have the power to remove from office at any time in its absolute discretion any Director appointed by it, and shall have the right to fill any vacancy in the office of the Directors caused by removal, resignation, death or otherwise, by fresh appointment.

(iii) In addition to any remuneration payable to them in pursuance of Clause (i), the Directors may be paid such sum as the Board may fix from time to time for travelling and other expenses incurred by them:

(a) in attending and returning from Meetings of the Board or any Committee thereof or General Meetings of the Company, or

(b) in connection with the business of the Company.

Appointment of Chairman, Managing Director.

24. The Government may, from time to time, appoint one or more of the Directors to the Office of the Chairman of the Board of Directors, Managing Director, or a whole time Director of the Company for such time and on such remuneration as it may think fit and may, from time to time, remove or dismiss him or them from service and appoint another or others in his or their place or places. Any such Director appointed to any such office shall, if he ceased to hold the office of the Director from any cause, ipso facto and immediately cease to be Chairman/ Managing Director, whole-time Director as the case may be. Provided that where the person appointed as the Chairman of the Board (including the first Chairman) is the Chief Minister or a Minister or a Member of the Parliament or a Member of the State Legislature, he shall not be entitled to any remuneration.

First Directors Chairman and Managing Director.

25. (i) The persons hereinafter named shall be the first Directors of the Company.

(1) Shri Alur Hanumanthappa, Minister of State for Forests, Government of Mysore, Vidhana Soudha, Bangalore-1.

(2) Shri Y.M.L. Sharma, Chief Conservator of Forests (General) in Mysore, Bangalore-1.

(3) Shri G.R. Mavinkurve, Chief Conservator of Forests (Development), Bangalore-3.

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(4) Shri G.B. Deshpande, Deputy Secretary to the Government of Mysore, Agriculture and Forest Department, Vidhana Soudha, Bangalore-1.

(5) Sri A. Mohandas Moses, Deputy Secretary to the Government of Mysore, Finance Department, Vidhana Soudha, Bangalore-1.

(6) Shri T.R.Satishchandran, Director of Industries and Commerce, Government of Mysore, Bangalore-1.

(7) Shri C.Jayarama Reddy, Conservator of Forests.

(ii) The First Chairman of the Board of Directors and Managing Director of the Company shall be:

(1) Shri Alur Hanumanthappa, Minister of State for Forests, Government of Mysore, Bangalore - CHAIRMAN.

(2) Shri C.Jayaram Reddy, Conservator of Forests as MANAGING DIRECTOR.

Powers and duties of Managing Director.

26. The Directors may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

General Management in hands of Managing Director.

27. The Managing Director, subject to the provisions of the Act and these Articles, shall be entitled to the management of the whole of the affairs of the Company and he shall exercise his powers as such Managing Director subject to the superintendence, control and direction of the Board of Directors of the Company.

Managing Director may sub-delegate.

28. The Managing Director may be authorised by the Board to sub-delegate such of his powers as he may think fit to other officers of the Company subordinate to him and such sub-delegation of powers made by the Managing Director shall be reported at the meeting of the Board immediately following the date of each sub-~~sub~~ delegation.

PROCEEDINGS OF THE BOARD.

Chairman.

29 If no Chairman is appointed by the Government or if at any meeting the Chairman is not present within 10 minutes after the time for holding the same, the Directors present may choose one of their number to be Chairman of the Meeting.

Powers of Board Meeting.

30. A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers, discretions which by or under the Act or the Article of the Company are for the time being vested in or exercisable by the Board of Directors generally.

Appointment of alternate or substitute Director.

31. The Board of Directors may from time to time appoint an alternate or substitute Director to act for a Director during his absence of not less than three months from the Mysore State. The appointee while he holds office as an alternate or substitute Director shall be entitled to notice of meetings and to attend and vote there as a Director, but he shallnot require any qualifications and shall be entitled to receive the remuneration which the original Director would have received. Any appointment so made may be revoked at any time by the Board of Directors. Any alternate or substitute Director shall ipso facto vacate office if and when the original Director returns to the Mysore State.

Resolution by circulation.

32. Subjects to Section 289 of the Act, a resolution in writing, signed by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of the meeting of the Board or Committee, shallbe as valid and effectual as if it had been passed at a meeting of the Board or Committee duly convened and held.

POWERS OF BOARD.

Certain powers of the Board.

33. Without prejudice to the general powers conferred by Section 291 of the Act and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, it is hereby declared that the Board of Directors shall have the following powers, that is to say, power:-

(1) (a) to authorise the undertaking of works of a capital nature subject to the condition that all cases involving a capital expenditure exceeding rupees one crore shall be referred to the Government for approval before authorisation.

(b) to authorise, in cases where detailed project reports have been prepared with estimates of the different component parts of the projects and duly approved by the Government, the undertaking of all works covered under the approved estimates including variations not exceeding 10 percent of any particular component without further reference to the Government provided there is no substantial variation in the scope of the project.

(2) To pay and charge to the capital account of the Company any interest lawfully payable thereout under the provisions of Section 208 of the Act.

(3) Subject to the provisions of Section 292 and 297 of the Act, to purchase, take on lease or otherwise acquire for the Company any property, rights or privileges, which the company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such titles as the Directors may believe or may be advised to be reasonably satisfactory.

(4) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(5) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(6) To accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.

(7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes, and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.

(8) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company, and to refer any differences to arbitration, and observe and perform any awards made thereon.

(9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(10) To open any account or accounts with such bank or banks as the Board of Directors may select or appoint, to operate on such accounts to make, sign, draw, accept endorse or otherwise execute cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other negotiable instruments. To make and give receipts releases and other discharges for moneys payable to the Company and for claims and demands of the Company.

(11) Subject to the provisions of Sections 292 and 370 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof ~~not immediately required for the purpose thereof~~ upon such security (not being shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

(12) To execute in the name and on behalf of the Company in favour of any Directors or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgages may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To determine from time to time who shall be entitled to sign on the Company's behalf, Bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.

(14) To distribute, by way of bonus or ex-gratia payment in the form of cash awards amongst the staff of the Company, a share or shares in the profits of the Company, and to give to any officers or other persons employed by the company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.

(15) Before recommending any dividend to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company, and for such other purposes

(including the purposes referred to in the preceding clauses) as the Board of Directors may, in their absolute discretion, think conducive to the interest of the Company and subject to the provisions of Section 205 ofthe Act, to invest the several sums so set aside or so much thereof as require to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Board of Directors, in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board of Directors apply or upon which they expand the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expanded, and to divide the Reserve Fund into such special funds as the Board of Directors may think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and that without being bound to pay interest on the same, with power, however, to the Board of Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper.

(16) To appoint, and at their discretion remove or suspend such managers, secretaries, assistants, supervisors, clerks agents and servants for perm-anent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries, emoluments or remuneration and to require security in such instances and to such amount asthey may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the three next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(17) From time to time and at any time to establish any local board or agency for managing any of the affairs of the Company in any special locality in India or elsewhere and to appoint any persons to be members of such local boards or agents and to fix their remuneration.

(18) Subject to the provisions of Section 292 of the Act, from time to time, and at any time to delegate to any

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person (appointed in accordance with clause 17 above) any of the powers, authorities and discretions for the time being vested in the Board of Directors, other than their power to make calls or to make loans or borrow moneys and to authorise the members for the time being of any such local board, or any of them to fill up any such appointment or delegation may be made on such terms, and subject to such conditions as the Board of Directors may think fit, and the Board of Directors may at any time remove any person so appointed, and may annul/vary any such delegation.

(19) ~~Any~~ At any time and from time to time by Power of Attorney under the seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these presents and excluding the power to make calls and excluding also, except in the limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board of Directors may from time to time think fit, and any such appointment may (if the Board of Directors think fit) be made in favour of the members of any local board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board of Directors and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board of Directors may think fit and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(20) Subject to and in terms of Section 292 of the Act, to sub-delegate all or any of the powers, authorities and discretions for the time being vested in the Board of Directors subject to the ultimate control and authority being retained by them.

(21) To authorise any such delegates as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

(22) Subject to the provisions of Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter

~~into such negotiations and contracts~~ and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

Directors may reserve decision.

34. The Board of Directors shall reserve for the decision of the Government any proposals or decision of the Board of Directors in any matter which in their opinion is of such importance as to be reserved for such decision. No action shall be taken by the Company in respect of any proposal or decision of the Board of Directors reserved for the approval of the Government as aforesaid until its approval to the same has been obtained.

THE SEAL.

The Seal, its custody and use.

35. The Board of Directors shall provide a common seal for the purposes of the Company, and shall have power from time to time to destroy ~~and xx~~ the same and substitute a new Seal in lieu thereof, and the Board of Directors shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board of Directors or a Committee of the Board previously given and in the presence of two Directors at the least.

Deeds how executed.

36. Every deed or other instrument to which the seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney, be signed by two Directors at the least.

DIVIDENDS AND RESERVE.

37. The declaration of the Board of Directors as to the amount of the profits of the Company shall be conclusive.

38. The board of Directors may retain the dividends payable upon shares in respect of which any person is, entitled to become a Member, or which any person is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Transfer of shares be registered.

39. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

40. Dividends unclaimed for one year after having been declared may be invested or otherwise used by the Board of Directors for the benefit of the Company until claimed.

Dividends and call together.

41. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each Member shall ~~xxx~~ not exceed [illegible]

~~payable at the same time~~ as the dividend, and the dividend may, if so arranged between the Company and the Members be set off against the calls.

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CAPITALISATION OF PROFITS.

Capitalisation.

42. A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the Members on the footing that they receive the sum as share capital of the Company.

Application of money of capital redumption fund.

43. If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redumption fund arising from the redemption of such shares may, by resolution of the Company, be applied in paying up in full or in part, any new shares or any shares then remaining unissued, to be issued to such members of the Company or other persons as the Board of Directors may resolve up to an amount equal to the nominal amount of the shares so issued.

DOCUMENTS AND NOTICES.

Note binding.

44. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which, previously to his name and address being entered on the Register, shall have been duly served on or given to the person from whom he derives his title to such share.

Notice Valid through member deceased.

45. Any notice or document delivered or sent by post to or left at the registered address of, any Member in pursuance of these presents shall, notwithstanding such Member be then deceased, and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such Member until some other person be registered in his stead as the holder or joint-holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such shares.

Notice by Advertisement.

46. Any notice required to be given by the Company to the Members or any of them and not expressly provided for the by the Act or those presents shall be sufficiently given if given by advertisement.

47. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature may be written, printed or lithographed.

INDEMNITY.

48. Subject to the provisions of Section 201 of the Act, every Director, Managing, auditor, secretary and other officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into, or act or thing done by him as such officer or servant or in any way in the discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all other claims.

Individual Responsibility of Directors.

49. No Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any of her Director or Officer of the Company or for joining in any receipt or other act for conformity, or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by the order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto, unless, the same happens through his own negligence, default, misfeasance, breach of duty or breach of trust.

SECURITY CLAUSE.

50. No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Board of Directors, it would be inexpedient in the interest of the Company to disclose.

59 P.106

51. ~~Notwithstanding~~ anything contained in any of these Articles the Government may, from time to time issue such directions as it may consider necessary in regard to the exercise and performance of the function of the Company in matters involving substantial public interest and in like manner may vary and annul any such directions. The Directors shall duly comply with and give immediate effect to the directions so issued.

Sl. No.	Names, addresses, descriptions and occupations of subscribers.	Signature of subscriber.	Witness to signature with address description and occupation.
1.	GUNDERAO BHIMSENRAO DESHPANDE, Deputy Secretary to Government, Agriculture & Forest Department, Bangalore. S/O Late Rai Bhimsenrao Deshpande.	Sd/G.B.Deshpande.	S.N.Krishna Murthy, S/o Sri S.Nagappa, Special Officer & Ex-Officio Under Secretary, Agriculture & Forest Department, Bangalore.
2.	YELAGONDAHALLI MUNISWAMI IYER LAKSHMINARAYANA SHARMA, Chief Conservator of Forests (General) in Mysore, New Public Offices, Bangalore-1. S/O Late Sri Muniswami Iyer.	Sd/- Y.M.L.Sharma.	V.Sreenivas, S/o Shri H.S. Venkatanagappa, Steno to the Chief Conservator of Forests (General) in Mysore, New Public Offices, Bangalore-1.
3.	CHINNAREDDY JAYARAMA REDDY, Managing Director Designate, New Public Offices, Bangalore-1. S/O Sri Chinna Reddy.	Sd/-C.Jayarama Reddy.	B.Ramasesha Iyengar, S/O Late Shri A.V. Venkatachar, Steno to the Conservator of Forests, Wild Life Circle, Malleswaram, Bangalore-3.

S. N. Krishna murthy
(S.N.Krishna Murthy)
Special Officer & Ex-Officio
Under Secretary to Government,
Agriculture & Forest Department.

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DRAFT.

Sub: Forest Department - Mysore Forest Corporation Ltd., - Memorandum of Association & Articles of Association - Approved -

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PROCEEDINGS OF THE GOVT. OF MYSORE.

ORDER NO.AFD 1 FAP 69

DATED

With reference to letter No.C1-1971 dated the 4th January 1971 of the Managing Director of the Forest Corporation (Designate), the Governor of Mysore is pleased to approve the Memorandum of Association & Articles of Association of the Mysore State Forest Corporation Ltd., as appended hereto. ~~subject to the which has been scrutinised and accepted by the such changes as may be required to be made by the Registrar of Companies,~~ for Registration

20/1/71

Special Officer & Ex-Officio
U.S.A. & F.D.

To

The Managing Director (Designate), Mysore State Forest Corporation.
The C.C.F.(Gl.)
The C.C.F.(D)
The Director of Industries & Commerce in Mysore, Bangalore.
The Deputy Secretary, Finance Department.
The Deputy Secretary, A & F.D.
Copy to: P.S. to Min.for State for Forests.
Cabinet Section (W.r.fo C.21/71 dated 18-1-1971)
Monthly Gazette.

SL-NO-13

104

AFD 406 FA 71
21/1/71

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Bangalore,
Dated 21st Jan. 1971.

No.

To

The Secretary to Government,
Agriculture and Forest Department,
Bangalore.

Sir,

Subject: Mysore State Forest Corporation Ltd., - Submission of Draft Memorandum and Articles of Association.

I am herewith forwarding Draft Memorandum and Articles of Association of the Mysore State Forest Corporation Ltd., as scrutinised and approved by the Registrar of Companies in his letter No.DM/70/70-71 dated 20th January 1971, for kind issue of Government Orders in the matter. Copies of letter No. DM/70/70-71 dated 20th Jan.1971 and G.Stat./71 dated 20th Jan. 1971 of the Registrar of Companies, Mysore, Bangalore are also enclosed herewith.

Yours faithfully,

C. Jayaram Reddy 21/1
(C.JAYARAM REDDY)
Chief
Office of the Conservator of Forests,
New Public Offices, Bangalore-1.

21/1/71

Not enclosed
21/1

Sri ARB
21/1

Copy of letter No. DM/70/70-71 dated 20th Jan.1971 from the Registrar of Companies, Mysore, Bangalore to Shri C.Jayarama Reddy, New Public Offices, Bangalore.

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Sub: Draft Memorandum and Articles of Association of Mysore State Forest Corporation Limited.

With reference to your letter dated 19-1-71, I have to state that as desired by you, the draft memorandum and articles of association forwarded therewith have been examined and some corrections and suggestions have been indicated therein in pencil.

2. It appears from the articles of association that the proposed Company wouldbe a government Private Company. In this connection I have to invite your reference to Section 617 of the Companies Act, 1956 and to inform you that in order to satisfy the requirements of the said section not less than 51% of the share capital must be held either in the name of the President of India or the Governor of a State and that not less than 51% of its paid up capital should be paid to the credit of the company simultaneously with the incorporation of the company. If the aforesaid requirements are not satisfied, the company will not be eligible, for the exemption from the use of the word 'Private' in its name and steps will have to be taken later on for changing its name under section 21 of the Comp-anies Act, 1956 for dropping the word 'Private' therefrom as and when it becomes a de-jure Government Company on the necessary share capital monies being actually paid up. I am to add further that this is only an informal scrutiny and that the documents would be subject to the usual scrutiny when delivered for registration.

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Copy of letter No. G.Stat./71 dated 20th Jan.1971 from the Registrar of Companies, Bangalore to Shri C.Jayaram Reddy, Office of the Chief Conservator of Forests, New Public Offices, Bangalore.

Sub: Mysore State Forest Corporation Limited.

In reply to your letter of the 19-1-1971 I write to say that there does not appear to be any objectionto the registrationof the company by the above name.

It must be understood that the proposed name cannot be kept reserved for more than THREE MONTHS, and that this communication confers no priority rights therein. Further as the name may ultimately be found for some reason not to be available, the matter must be regarded as open to reconsideration upto the time of actual registration.

When the papers of the proposed company are presented for registration, this letter should be produced or the reference quoted.

===

/Copies/

C. Jayaram Reddy
(C. Jayaram Reddy)

Stamp Rs 90/-

11865 102 63

MEMORANDUM OF ASSOCIATION OF
MYSORE State FOREST CORPORATION LIMITED.

name as approved by this office must be used.

I. The name of the Company is Mysore State Forest Corporation Limited.

II. The Registered Office of the Company will be situated in the State of Mysore.

III. The objects for which the Company is established are:

MAIN OBJECTS to be pursued on incorporation

1. To develop land for raising Forest Plantations and in particular Eucalyptus, Bamboo, tsopical pines, rubber, Cashewnut, Cocoa and such other suitable species in the State of Mysore for the purpose of development of industries based on their produce.

2. To plant, grow, cultivate, produce and raise plantations of all kinds or varieties of Forest plants, trees and c-rops and natural products of every kind and other agricultural crops and to buy, sell, export, import, process, distribute or otherwise deal in all kinds of Forest plants, tree crops, natural products and Agricultural crops.

3. To carry on the business of planters cultivators, sellers and dealers in timber, plywood, pulpwood, matchwood and such other products of every description and to manufacture, dispose of, sell and deal in products of such plantations and other forest c-rops of every description.

4. To establish, administer, own and run industries for manufacturing forest products.

5. To promote the development of Forest Industries, to operate suitable schemes and for that purpose to prepare and get or cause to be prepared reports, blue prints, statistics, feasibility studies and project reports and other information.

~~6. To take over from Government of Mysore lands, plantations, buildings, machinery, industrial units and facilities with their rights and liabilities.~~

6. To promote companies, firms, establishments, concerns or undertakings for the purpose of development

of industries based on forest produce and to assist and finance any individual firm or company with capital, loan, credit resources etc.

ANCILLARY OBJECTS

The objects ancillary or incidental to the attainment of the main objects of the Company are:

1. To deal in all kinds of Chemicals, manures, fertilisers, pesticides, weedcides, fungicides, pharamaceutical products.

2. To deal in all kinds of equipments for logging conversion, hauling and transp-ort of Forest Produce Agricultural machinery and equipments, machine tools and metals of all kinds, fuel oils, lubricants and to establishment and run engineering and repair workshops of all descriptions.

3. To produce, grow, process, export, import of all varities of Forest seeds, garden seeds, farm seeds and seeds of all kinds and fodder of all varieties of any kind of product or by-products, therefrom.

4. To acquire by concessions, grants, purchase, barter, license, lease or otherwise either absolutely, conditionally, solely or jointly with other, any tract or tracts of country lands, estates, houses, farms, watchrights, way-leaves and other works, privileges, rights, hereditaments and any machinery plant utensils, tract marks or other moveable and immovable property of any description whatsoever in any place in India or outside and to explore, survey, cultivate or develop the same.

5. To develop the resources of and turn to account any lands and any rights over to or connected with land belonging to or in which the Company is interested by cleaning, drainage, fencing, irrigating, grazing, and by promoting irrigation and the establishment of colonies and settlements.

6. To manage wholly or in part, jointly or otherwise factories, farms, estates, gardens, forests, plantations and other establishments or concerns, manufacturing any

Contd. 3.

forest, agricultural or animal products or by-products.

14. To enter into agreements and contracts with Governments, individuals, companies or other organisations for technical, financial or any other assistance for carrying out all or any of the objects of the Company.

15. To enter into any partnership into any agreements, or arrangement for sharing profits, union or interest, co-operation or joint adventure, ~~xxxxxxxx~~ reciprocal concessions or otherwise with any person, company, association or firm, having objects similar to those of the Company and calculated to benefit the Company and to carry on or conduct or liquidate or wind up any such partnership or arrangements purchased or otherwise acquired.

16. To sell or dispose of or transfer the business of the Company or any part thereof for such considerations as the Company may deem proper and in particular for shares, debentures, or securities of any other Company having objects altogether or in part similar to those of the Company.

17. To promote any Company or companies for the purpose of acquiring all or any of the properties, rights and liabilities of the Company or for any other purpose calculated to benefit the Company, directly or indirectly and to distribute as may be resolved, in specie or otherwise, amongst the members of the company the assets possessed or received by the Company.

18. To apply for, acquire and hold any charters, privileges, licences, monopolies, concessions, patents or other rights or powers, from the Indian Government or any other Government or State or any local or other authority in India or elsewhere or from any commercial or other ~~xxxx~~ companies, individuals or institutions and to exercise any powers, rights, privileges, etc., so obtained.

19. To purchase, take on lease or otherwise acquire for the purposes of the Company any estates, lands, plantations buildings, machinery, industrial units, roads, railways or railway sidings or other interests in immovable property and to mortgage, sell, let on lease, convey, assign or exchange and to manage in any other way the property and assets of the Company or any

Contd.

rights therein on such terms and conditions as the Company may think fit.

13 20. The purchase or otherwise, acquire, erect, maintain, construct, repair and alter any building, sheds, offices, plants, machinery, drains, roads, bridges, culverts, railways and railway sidings, stalls, godowns, fences and boundaries and all other structure found necessary or convenient for the purposes of the Company.

14 21. To raise, borrow, or secure moneys in such manner and such terms ~~and~~ as may deem expedient and in particular by way of loans, advances, deposits, ~~xx~~ and issue of bonds, debentures or mortgages whether perpetual or otherwise and charged or not charged on the whole or any part of the rights or properties of the Company including the uncalled capital and redeem, purchase or pay off any such securities.

15 22. To draw, accept, make endorse, discount and negotiate bills of exchange, hundies, promissory notes, bills of exchange bills of lading, delivery orders, warrants, warehouse-keeping certificates and other negotiable or commercial mercantile instruments for /or in the prosecution of the business of the Company.

16 23. To pay all costs, charges and expenses ~~of the~~ incidental to the promotion, formation, registration and establishment of the Company or its branches and the issue of its capital, including any underwriting or other commission, brokers' fees, lawyers' charges and to remunerate in cash or in any other manner, any person or persons, for services rendered or to be rendered in introducing any person or business to the Company or in placing or assisting to place or guaranteeing the subscription of any shares, debentures, debenture stock or any other securities of the Company or for any other reason and for arrangements made prior to and in anticipation of the formation and incorporation of the company which the Company may think proper.

17 24. To receive grants, loans, advances, or other moneys or deposit, or otherwise from State or Central Government Banks, Companies, trusts or individuals with or without allowance of interest thereon, but without doing the business of banking within the meaning of the Banking Regulation ~~Companies Act 1949 (Central Act X of 1949)~~ Companies Act 1949 (Central Act X of 1949)

18 25. To lend or deposit money belonging to, entrusted to or at the disposal of the Company to such persons or companies on such terms as may deem expedient, and in particular to customers and other having dealingsw with the Company with or without security upon such terms as may be thought proper and to guarantee the performance of contracts by any such persons or companies but not to do the business of banking as defined in Banking Regulation Act 1949.

19 26. To invest the moneys of the Company, not immediately required, in such manner, other than in the share of the Company as from time to time may be determined.

27. To establish, maintain, subscribe to or subsidise or become member of training institutions, research laboratories, research institutions, and experimental workshops for scientific and technical research and experiments.

20 28. To act as agent forGovernment or other authorities or any manufacturers, merchants and others and to transact and carry any agency, business of every kind and of any description.

21 29. To employ or pay experts, Indian or foreign consultants, etc., in connection with Planning and development of all or any of the business connected with the Company's operations.

22 30. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any special or other fund, whether for depreciation or for repairing, replacing, improving, extending or maintaining any of the property of the Company or for redemption of debentures or redeemable preference shares or for special dividends or for equalising dividends or for any other purpose whatsoever, and to transfer any such fund or part thereof to any of the other funds herein mentioned.

23 31. To use trade marks or trade names or brands for the products and goods of the Company and adopt such means of making known the business and products of the Company or of any Company in which the Company is interested as may seem expedient and in particular by advertising in news papers, magazines, periodicals by circulars by purchase and exhibition of works of art of interest by opening stalls

and exhibitions by publications and distribution of books and periodicals, calenders, almanacs and diaries by distributing samples and by granting prizes, rewards and donations.

24 32. To establish or appoint and maintain agencies for branches in India and elsewhere and to regulate and discontinue the same.

25 33. To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or dependents on connections of such persons by establishing provident or other funds, by grants of money, persons or other payments, and by providing or subscribing towards places of instruction and recreation and hospitals, dispensaries, medical and other assistance, as the Company shall think fit, and to subscribe money to or for and otherwise help any charitable or benevolent object or any exhibition or any public show or useful object.

26 34. To distribute in species or otherwise as may be resolved, any assets of the Company among its members, and particularly the shares, debentures or ~~other debentures or~~ other securities of any other company formed to take over the whole or any part of the assets or liabilities of this Company as may be permissible under Law.

27 35. To make donations to such persons or institutions and in such cases either of cash or of any other assets as may be thought, directly or indirectly conducive to any of the Company's objects.

28 36. To employ foresters, cultivators, gardeners, engineers mechanics, masons, carpenters, scaffold setters, painters, electricians and other technicians, salesmen, commercial and administrative staff and such other staff as may be found necessary for the efficient handling and conduct of the business of the Company.

29 37. To make advances upon or for the purchase of materials, goods, machinery, stores, and other articles required for the purpose of the Company.

Contd. 7 ...

30 ~~38.~~ To tender for purchase of otherwise acquire any contracts and concessions foror in relation to the construction, ~~xxxxxxxxxxxxxxxx~~ executions, carrying out, equipment, improvement, management administration, or control of works and convenience and to undertake, execute, carryout, dispose of, or otherwise turn to account the same.

31 ~~39.~~ To let out on hire all or any of the properties of the Company including every description of appratus and appliances of the Company.

32 ~~40.~~ To amalgamate with any Company/Companies having objects altogether or in part similar to those of this Company.

33 ~~41.~~ To obtain any Act of the Central or State Legislature, Provisional order, license of automomous body or authority for enabling the Company to carry-out any of its objects into effect or for effecting any modification of the Company's constitution or for any other purpose which may seem expedient and to oppose any proceedings of application which may seem calculated directly or indirectly to prejudice the Company's interest.

34 ~~42.~~ To open account or accounts with any individual, firm, or companies or with any bank or banks and to pay into and and to withdraw moneys from such account or accounts.

35 ~~43.~~ To improve, manage, work, develop, alter, exchange, lease mortgage, turn to account, abandon or ~~xx~~ otherwise deal with all or any part of the property, rights and concessions of the Company.

36 ~~44.~~ Subject to the provisions of the Companies Act 1956 and the constitution of India, to subscribe or contribute or to guarantee money to or otherwise to assist charitable, benevolent, scientific, national, or other institutions or objects ~~subjects~~ or for any exhibition or for any public, general or useful objects.

37 ~~45.~~ To procure ~~that~~ the registration or other recognition of the Company in any country, state or place outside India.

Contd. 8 ...

38 ~~46~~. To open and keep a register or registers in any country or State in India or abroad, wherever it may be deemed necessary and expedient to do so.

39 ~~47~~. To undertake and execute any trusts and undertaking where of may seem desirable, either gratuitously or otherwise.

40 ~~48~~. To do all or any of the matters hereby authorised (in any part of the world) either alone or in conjunction with or as factors, trustees or agents for any other companies or persons or by or through any factors, trustees or agents, and

41 ~~49~~. To generally to do all such other matters and things as may appear to be incidental or conducive to the attainment of the above objects or any of them or consequential upon the exercise of its powers or discharge of its duties.

IV. The liability of the Members is limited.

V. The share capital of the Company is Rs.20,000,000 (Rupees Two Crores) divided into 20,000 (Twenty Thousand) equity shares of Rs.1,000 (Rupees One Thousand) each.

We the several persons whose names and addresses are subscribed below are desirous of being formed into a Company is pursuance of this Memorandum of Association and we respectively agree to take the number of equity shares in the Capital of the Company set opposite our respective names.

S.L.	Names, addresses, descriptions and occupations of the Subscribers	Number of Shares taken by each Subscriber.	Signature of the Subscriber	Witness to the Signature with address description & occupation
1	G. B. Deshpande Deputy Secretary A & F Dept for & on behalf of the Governor	6		
2	A. M. R. Moses, Deputy Secretary Finance Dept	1		
3	C. Jayaram Reddy	1		
	Total shares taken	8		

Dated this the day 1971

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register). to the prejudice of persons having or claiming any equitable right, title, or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do.

Stamp Rs 50/-

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ARTICLES OF ASSOCIATION
OF
MYSORE FOREST CORPORATION LTD.

PRELIMINARY.

Definition.

1. In these articles unless there be something in the subject or context inconsistent therewith:

"The Company" means Mysore Forest Corporation Limited.

"The Government" means the Government of Mysore.

"Dividend" includes bonus.

"In writing" and "written" include printing, lithography and other modes of representing or reproducing words in a visible form.

"Member" means the duly registered holder from time to time of the Shares of the Company.

"Month" means calender month.

"Persons" includes corporations as well as individuals.

"The Register" means the Register of Members to be kept pursuant to the Act.

"Share" means share in the share capital of the Company.

Table A to apply.

2. The regulations contained in Table 'A' in the first schedule to the Companies Act I of 1956 are hereby adopted, except in so far as they are excluded, added to or modified herein, as the regulations for the management of the Company.

The following articles in Table 'A' are specifically excluded:-

Proviso to Article 13(1) Article 56, Article 63, Article 66, Article 76, Article 81 and Article 84.

The marginal notes and catch lines hereto shall not effect the construction thereof.

PRIVATE COMPANY.

Private Company.

3. The Company is a Private Company and accordingly -

(a) The number of members for the time being of the company, subject to Section 3(1) (iii) of the Act, is limited to fifty.

(b) Any invitation to the public to subscribe for any shares in, or debentures of, the Company is hereby prohibited.

(c) The right to transfer shares shall be restricted as herein after provided.

SHARE CAPITAL.

Allotment of shares.

4. The shares shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons on such terms and conditions as they think fit.

13

CALLS ON SHARES.

Directors may make calls.

5. The Board shall have full discretion to fix the amount of each sum called in respect of a share and to determine the interval between two calls.

Calls to carry interest.

6. In partial modification of Article 16(1) of Table 'A' the Board may from time to time fix the rate of interest to be paid on calls not paid.

TRANSFER AND TRANSMISSION OF SHARES.

Restriction on transfer.

7. No shares shall be transferred by any holder without prior consent of the Government but this restriction shall not apply to transfers in favour of nominees of the Government.

Provided the Directors may, in their absolute and uncontrolled discretion, refuse to register any proposed transfer of shares.

No transfer to minor etc.

8. No shares shall, in any circumstances, be transferred to any minor, insolvent or person of unsound mind. Strip attached

FORFEITURE OF SHARES.

Notice of Forfeiture.

9. In partial modification of Article 29 of Table 'A', a notice of forfeiture of shares for failure to pay any call may also require the payment of all expenses that may have been incurred by the Company by reason of such non-payment.

Effect of forfeiture.

10. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.

ALTERATION OF CAPITAL.

On what conditions new shares be issued.

11. Any new shares issued shall be upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct, and if no such direction be given, as the Directors shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special or without any right of voting or otherwise.

New Capital same as existing Capital.

12. Except so far as otherwise provided by the conditions of issue or by these Articles any Capital raised by the creation of new shares, shall be considered as part of the original Capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission voting and otherwise.

Sub Divisions into preferred and ordinary.

13. The resolution, referred to in Article 45 of Table 'A' whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub divisions, one or more of such shares shall have some preference or special advantage as regards dividend, capital voting or otherwise over or as compared with the other or others.

BORROWING POWERS.

Powers to borrow.

14. Subject to the provisions of section 292 of the Act, the Board of Directors may, from time to time at its descretion, accept deposits from Members, either inadvance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

The payment of repayment of moneys borrowed.

15. The payment ~~or~~ or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular, by a resolution passed at a meeting of the Board (and not by resolution by circulation) ~~by resolution by circulation)~~ by mortgage or charge of or by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, and debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Charges or uncalled Capital.

16. If any uncalled Capital of the Company is included in or charges by any mortgage or other security, the Directors may by instrument under the Company's seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the Members in respect of such uncalled capital and such authority may be made exercisable either

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presently or contingently and ~~ieht~~ either conditionally or unconditionally and shall be assignable if expressed so to be and the provisions in regard to calls hereinbefore contained shall mutatis mutandis, apply to calls made or to be made on such authority.

Terms of issue of debentures.

17.(a) Any debenture or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Provided that debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

Persons not to have priority over any prior charge.

(b) Whenever any uncalled capital of the company is charged, all persons taking any subsequent charges thereon shall take same subject to such prior charge and shall not be entitled by notice to the shareholders or otherwise to obtain priority over such prior charge.

GENERAL MEETINGS.

Seven days notice.

18. Not less than seven days' notice of every General Meeting shall be given in writing. Provided a shorter notice may be given if consent is accorded thereto in accordance with Section 171 of the Act.

Right of Government to appoint any person at its representative.

19. (i) The Government, so long as it is a shareholder of the Company, may from time to time, appoint such person as it thinks fit (who need not be a Member) to represent it at all or any meetings of the Company.

(ii) A person appointed under sub-clause (i) of this Article shall, for the purposes of the Act, be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the rights to vite by proxy) as the Government could exercise as a Member of the Company.

(iii) The Government may, from time to time, cancel any appointment made under sub-clause (i) of this Article and make fresh appointments.

(iv) The production at the meeting of an order of the Government shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.

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(v) Any person appointed by the Government under this article may appoint a proxy whether specially or generally.

Vote by Proxy.

VOTES OF MEMBERS.

20. Subject to the provisions of these Articles votes may be given either personally or by proxy. A member present by proxy shall be entitled to speak at meetings and to vote on a show of hands as well as on a poll.

Number of votes to which members entitled.

21. On a show of hands every member present in person or by proxy shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every share held by him either alone or jointly with any other person or persons. Provided, however, if any preference shareholder be present at any meeting of the Company, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares. The preference share holders may vote on the resolutions only in the circumstances provided under Section 87(2) of the Act.

BOARD OF DIRECTORS.

Number of Directors.

22. Subject to the provisions of section 252 of the Act, the Government shall, from time to time, determine in writing the number of Directors of the Company which however, shall not be less than two or more than twelve. The Directors shall not be required to hold any qualification shares.

Government to appoint Directors.

23. (i) The Directors shall be appointed by the Government and shall be paid such remuneration as the Government, may from time to time determine. Every Director, unless he has been appointed to any office under Article 27 hereof, shall hold office for a period of 3 years. Where the person appointed as Director (including the first Director) is the Chief Minister or a Minister or a Member of the Parliament or a Member of the State Legislature, he shall not be entitled to any remuneration.

(ii) The Government shall have the power to remove from office at any time in its absolute discretion any Director appointed by it, and shall have the right to fill any vacancy in the office of the Directors caused by removal, resignation, death or otherwise, by fresh appointment.

(iii) In addition to any remuneration payable to them in pursuance of clause (i), the Directors may be paid such sum as the Board may fix from time to time for travelling and other expenses incurred by them:

(a) in attending and returning from Meetings of the Board or any Committee thereof or General Meetings of the Company, or

(b) in connection with the business of the Company.

Appointment of Chairman, Managing Director.

24. The Government may, from time to time, appoint one or more of the Directors to the Office of the Chairman of the Board of Directors, Managing Director, or a whole-time Director of the Company for such time and on such remuneration as it may think fit and may, from time to time, remove or dismiss him or them from service and appoint another or others in his or their place or places. Any such Director appointed to any such office shall, if he ceased to hold the office of the Director from any cause, ipso facto and immediately cease to be Chairman/Managing Director, whole-time Director as the case may be. Provided that where the person appointed as the Chairman of the Board (including the first Chairman) is the Chief Minister or a member of the Parliament or a member of the State Legislature a Minister ~~of the for Fisheries and Ports of~~ the ~~Government of Mysore~~, he shall not be entitled to any remuneration.

First Directors Chairman and Managing Director.

25. (i) The persons hereinafter named shall be the first Directors of the Company.

(1) Shri.Alur Hanumanthappa, Minister of State for Forests, Government of Mysore, Vidhana Soudha, Bangalore-1.

(2) Shri.Y.M.L.Sharma, Chief Conservator of Forests (General), in Mysore, Bangalore-1.

(3) Shri.G.R.Mavinkurve, Chief Conservator of Forests, (Development), Bangalore-3.

(4) Shri.G.B.Deshapande, Deputy Secretary to the Government of Mysore, Agriculture and Forest Department, Vidhana Soudha, Bangalore-1.

(5) Shri.A.Mohandas Moses, Deputy Secretary to the Government of Mysore, Finance Department, Vidhana Soudha, Bangalore-1.

(6) Shri.T.R.Satishchandran, Director of Industries and Commerce, Government of Mysore, Bangalore-1.

(7) Two representatives of the Financial Institutions
(8) (to be nominated later).

(9) One member representative of the Forest Based Industries (to be nominated later).

(10) Shri.C.Jayaram Reddy, Conservator of Forests.

visions must be named in the articles at the time of presentation for registration

(ii) The First Chairman of the Board of Directors and Managing Director of the Company shall be:-

(1) Shri.Alur Hanumanthappa, Minister of State for Forests, Government of Mysore, Bangalore - CHAIRMAN.

(2) Shri.C.Jayaram Reddy, Conservator of Forests as Managing Director.

Powers and duties of Managing Director.

26. The Directors may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

General Management in hands of Managing Director.

27. The Managing Director, subject to the provisions of the Act and these Articles, shall be entitled to the management of the whole of the affairs of the company and he shall exercise his powers as such Managing Director subject to the superintendence, control and direction of the Board of Directors of the Company.

Managing Director may sub-delegate.

28. The Managing Director may be authorised by the Board to sub-delegate such of his powers as he may think fit to other officers of the Company subordinat to him and such sub-delegation of powers made by the Managing Director, shall be reported at the meeting of the Board immediately following the date of each such sub-delegation.

PROCEEDINGS OF BOARD.

Chairman.

29. If no Chairman is appointed by the Government o if at any meeting the Chairman is not present within 10 minutes after the time for holding the same, the Directors present may choose one of their number to be Chairman of the Meeting.

Powers of Board Meeting.

30. A meeting of the Board of Directors for the tir being at which a quorum is present shall be competent to exercise all or any of the authorities, powers, discretions which by or under the Act or the Articl of the Company are for the time being vested in or exercisable by the Board of Directors generally.

Appointment of alternate or substitute Director.

31. The Board of Directors may, from time to time, appoint an alternate or substitute Director to act for a Director during his absence of not less than three 3 months from the Mysore State. The appointee while he holds office as an alternate or substitute Director shall be entitled to notice of meetings and to attend and vote there as a Director, but he shall not require any qualifications and shall be entitled to receive the remuneration which the original Director would have received. Any appointment so made may be revoked at any time by the Board of Directors. Any alternate or substitute Director shall ipso facto vacate office of and when the original Director returns to the Mysore State.

Resolution by circulation.

32. Subjects to Section 289 of the Act, a resolution in writing, signed by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of the meeting of the Board or Committee, shall be as valid and effectual as if it had been passed at a meting of the Board or Committee duly convened and held.

POWERS OF BOARD.

Certain powers of the Board.

33. Without prejudice to the general powers conferred by Section 291 of the Act and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, it is hereby declared that the Board of Directors shall have the following powers, that is to say, power:-

(1) (a) to authorise the undertaking of works of a capital nature subject to the condition that all cases involving a capital expenditure exceeding rupees one crore shall be referred to the Government for approval before authorisation.

(b) to authorise, in cases where detailed project reports have been prepared with estimates of the different component parts of the projects and duly approved by the Government, the undertaking of all works covered under the approved estimates including variations not exceeding 10 percent of any particular component without further reference to the Government provided there is no substantial variation in the scope of the project.

(2) To pay and charge to the capital account of the Company any interest lawfully payable thereout under the provisions of section 208 of the Act.

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(3) Subject to the provisions of Section 292 and 297 of the Act, to purchase, take on lease or otherwise acquire for the Company any property, rights or privileges, which the company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such titles as the Directors may believe or may be advised to be reasonably satisfactory.

(4) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(5) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(6) To accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.

(7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes, and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.

(8) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company, and to refer any differences to arbitration, and observe and perform any awards made thereon.

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(9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(10) To open any account or accounts with such bank or banks as the Board of Directors may select or appoint, to operate on such accounts to make, sign, draw, accept endorse or otherwise execute cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other negotiable instruments. To make and give receipts, releases and other discharges for moneys payable to the Company and for claims and demands of the Company.

(11) Subject to the provisions of Sections 292 and 370 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

(12) To execute in the name and on behalf of the Company in favour of any Directors or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgages may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To determine from time to time who shall be entitled to sign on the Company's behalf, Bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.

(14) To distribute, by way of bonus or ex-gratia payment in the form of cash awards amongst the staff of the Company, a share or shares in the profits of the Company, and to give to any officers or other persons employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.

(15) Before recommending any dividend to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or to Depreciation

Fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company, and for such other purposes (including the purposes referred to in the preceding clauses) as the Board of Directors may, in their absolute discretion, think conducive to the interest of the Company and subject to the provisions of Section 205 of the Act, to invest the several sums so set aside or so much thereof as require to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company in such manner and for such purposes as the Board of Directors, in their absolute discretion, think conducive to the interest of the Company, notwithstanding that the matters to which the Board of Directors apply or upon which they expand the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expanded, and to divide the Reserve Fund into such special funds as the Board of Directors may think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and that without being bound to keep the same separate from the other assets, and without being bound to pay interest on the same, with~~out~~ power, however, to the Board of Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper.

(16) To appoint, and at their discretion remove or suspend such managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries, emoluments or remuneration and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as

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they think fit; and the provisions contained in the three next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(17) From time to time and at any time to establish any local board or agency for managing any of the affairs of the Company in any special locality in India or elsewhere and to appoint any persons to be members of such local boards or agents and to fix their remuneration.

(18) Subject to the provisions of Section 292 of the Act, from time to time, and at any time to delegate to any person (appointed in accordance with clause 17 above) any of the powers, authorities and discretions for the time being vested in the Board of Directors, other than their power to make calls or to make loans or borrow moneys and to authorise the members for the time being of any such local board, or any of them to fill up any such appointment or delegation may be made on such terms, and subject to such conditions as the Board of Directors may think fit, and the Board of Directors may at any time remove any person so appointed, and may annul/vary any such delegation.

(19) At any time and from time to time by Power of Attorney under the seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these presents and excluding the power to make calls and excluding also, except in the limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board of Directors may from time to time think fit, and any such appointment may (if the Board of Directors think fit) be made in favour of the members of any local board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board of Directors and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board of Directors may think fit and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate

all or any of the powers, authorities and discretions for the time being vested in them.

(20) Subject to and in terms of Section 292 of the Act, to sub-delegate all or any of the powers, authorities and discretions for the time being vested in the Board of Directors subject to the ultimate control and authority being retained by them.

(21) To authorise any such delegates as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

(22) Subject to the provisions of Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

Directors may reserve decision.

34. The Board of Directors shall reserve for the decision of the Government any proposals or decisions of the Board of Directors in any matter which in their opinion is of such importance as to be reserved for such decision. No action shall be taken by the Company in respect of any proposal or decision of the Board of Directors reserved for the approval of the Government as aforesaid until its approval to the same has been obtained.

THE SEAL.

The Seal, its custody and use.

35. The Board of Directors shall provide a common seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board of Directors shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board of Directors or a Committee of the Board previously given and in the presence of two Directors at the least.

Deeds how executed.

36. Every deed or other instrument to which the seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney, be signed by two Directors at the least.

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DIVIDENDS AND RESERVE.

37. The declaration of the Board of Directors as to the amount of the profits of the Company shall be conclusive.

38. The Board of Directors may retain the dividends payable upon shares in respect of which any person is, entitled to become a Member, or which any person is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Transfer of shares be registered.

39. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

40. Dividends unclaimed for one year after having been declared may be invested or otherwise used by the Board of Directors for the benefit of the Company until claimed.

Dividends and call together.

41. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members be set off against the calls.

CAPITALISATION OF PROFITS.

Capitalisation.

42. A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company ~~of~~ or any investments representing the same, or any other undistributed profits, of the company not subject to charge for income Tax, be distributed among the Members on the footing that they receive the sum as share capital of the Company.

Application of money of capital redumption fund.

43. If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redumption fund arising from the redemption of such shares may, by resolution of the Company, be applied in paying up in full or in part, any new shares or any shares then remaining unissued, to be issued to such members of the company or other persons as the Board of Directors may resolve upto an amount equal to the nominal amount of the shares so issued.

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DOCUMENTS AND NOTICES.

Note binding.

44. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which, previously to his name and address being entered on the Register, shall have been duly served on or given to the person from whom he derives his title to such share.

Notice valid through member deceased.

45. Any notice or document delivered or sent by post to or left at the registered address of, any Member in pursuance of these presents shall, notwithstanding such Member be then deceased, and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such Member until some other person be registered in his stead as the holder or joint-holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such shares.

Notice by Advertisement.

46. Any notice required to be given by the Company to the Members or any of them and not expressly provided for the by the Act or those presents shall be sufficiently given if given by advertisement.

47. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature may be written, printed or lithorgraphed.

INDEMNITY.

48. Subject to the provisions of section 201 of the Act, every Director, Manager, auditor, secretary and other officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all cost, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into, or act or thing done by him as such officer or servant or in any way in the discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all other claims.

Individual Responsibility of Directors.

49. No Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any of her Director or Officer of the Company or for joining in any receipt or other act for conformity, or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by the order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own negligence, default, misfeasance, breach of duty or breach of trust.

SECURITY CLAUSE.

50. No member shall be entitled to visit or inspect any works of the company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the company and which in the opinion of the Board of Directors, it would be inexpedient in the interest of the Company to disclose.

51. Notwithstanding anything contained in any of these Articles the Government may, from time to time, issue such directions as it may consider necessary in regard to the exercise and performance of the function of the Company in matters involving substantial public interest and in like manner may vary and annual any such directions. The Directors shall duly comply with and give immediate effect to the directions so issued.

Sl. No.	Names, addresses, descriptions and occupations of subscribers.	Signature of Subscriber.	Witness to signature with address description and occupation.
1.	2.	3.	4.

Dated: This day the . . . . . of . . . . . .

Sd/- Under Secretary to Govt.
Ag.D.

/Copy/

GS/4-1'.

SL-180-12 88 82

REVISED DRAFT.

SECRET. No.AFD 1 FAP 69

CABINET NOTE.

CABINET SECTION
No. C 21/71 Date 16-1-1971

Sub: Forest Department - Establishishment of Corporation for forest plantations - Memorandum of Association and Articles of Association.

In connection with the proposals to set up a Forest Corporation for raising forest plantations of useful species to meet the demands of the various Wood Based Industries, a decision has been taken by the Cabinet at its 38th meeting to start Forest Corporation after constituting the Board of Directors etc. Further it has also been decided ~~by the Cabinet that instead of creating a post of Special Officer, Government may nominate a Managing Director who will take immediate steps~~ to get the Corporation registered after obtaining the approval of the ~~Government~~ Cabinet to the Memorandum of Association and Articles of Association for the proposed Corporation.

(1) Note-13

~~2. In this connection the Minister of State for Forests has been pleased to order that Sri C.Jayarama Reddy, Conservator of Forests may be nominated as the Managing Director to the Forest Corporation which has also been approved by the Chief Minister.~~

(2) Note-15

2. The Government Orders in this connection constituting the Board of Directors and nominating Sri C.Jayarama Reddy as Managing Director have since been issued. Simultaneously, the Government Order fixing up the financial structure of the proposed

(3) P.S/eF

p.t.o.

Corporation has also been issued.[1] In accordance with the instructions contained in the decision of the Cabinet taken on 8-11-70,[2] the Memorandum of Association of the Mysore Forest Corporation as also the Articles of the Association of the Forest Corporation have since been received duly formulated and proposed by the Managing Director of the Forest Corporation.

(1) P. 49/cr

(2) Note. 13

3. The main ~~objectives~~ objects as well as the ancillary ~~objectives~~ objects of the Corpo as contained in the proposed Memorandum of the Corporation are consistent with the decisions taken earlier by the Cabinet, ~~in~~ regarding setting up the Forest Corporation ~~and are in accordance with the main objective already arrived at in setting up the Corporation~~. Under the proposed main ~~objectives~~ objects of the Memorandum of the Corporation there is considerable scope for not only raising the plantations of various species required for Wood Based Industries but also for raising plantations of commercially ~~improved~~ important species required for other allied industrial purposes, like Rubber, Cashew, Cocoa, Aromatic Plant etc. Further, there are adequate provisions and ample scope for not merely raising plantations but also for taking up other connected activities like exploitations, marketing and disposal of the various plantation crops, which may be of short term or long term proposals. Sufficient provision has been made in the Memorandum ~~of the Corporation even~~ for starting of various allied industries by the Corporation itself utilising the plantation crops raised in its own organisation. ~~Even~~ The accillary ~~objectives~~ objects are quite comprehensive in that ~~it is has created~~ they provide ample scope for undertaking various

activities which are incidental to and allied with the undertakings of raising large scale plantation of variety of species of plant with industrial potentiality and commercial importance. In brief, it may be stated that the proposed Memorandum of the Corporation provides for ample scope for the diversification of the activities of the Corporation depending upon the opportunities, within the frame work of the main objectives.

4. The various provisions envisaged in the proposed Articles of the Corporation are quite elaborate and comprehensive giving full scope for the smooth and efficient administration of the business transaction of the Corporation. Provision has been made in the Article of the Corporation affording the necessary financial power at various levels in the set up of the Corporation, mainly aimed at quick decisions and speedy disposals, without which the proper function of the Corporation on the lines of a Commercial business organisation will be very difficult. At the same time, the Articles of the Corporation provide for effective control by the Government of the various activities of the Corporation at various levels, including matters pertaining to the service conditions of the personnel of the Corporation.

5. The Memorandum of the Corporation and the Articles of the Corporation have passed through the seives of the legal scrutity and even received their approval.

p.t.o.

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6. Approval of the Cabinet is solicited for the ~~enclosed~~ Memorandum[1] of Association of the Forest Corporation and also the Articles[2] of Association of the Mysore Forest Corporation ~~enclosed herewith.~~

① P. 69-76/CR

② P. 53-68/CF

16/1

16.1.71

SECRETARY TO GOVERNMENT,
A & F.Department.

S.N.Krishna Murthy,
Special Officer & Ex-Officio
Agriculture
and Forests

SL-MO-11 78 92

11th January 71.

AFD 1 FAP 69.

Dear Sir,

Sub: Mysore Forest Corporation Ltd-, Formation of -

Please refer to your letter No.C1-1971/ dated 4-1-1971 on the subject cited.

I am desired to forward herewith copies of Memorandum of Association and also the Articles of Association of the Mysore State ForestCorporation, with a request to kindly get the Memorandum and Articles of Association duly scrutised by the law department in the first instance.

As the matter is very urgent, you may please take the matter personally to the Law Department and examine the clauses jointly with the Deputy Secretary, Law Department and forward the same for the approval of Govt.

ISSUED
Date 12.1.1971

Yours sincerely,

11/1/71

Sri C.Jayarama Reddy,
Managing Director,
Mysore State Forest Corporation Ltd.,
New Public Offices,
Bangalore-1.

D.O. No. AFD 1 FAP 69

93 77

Dear Sir, ~~Shri Jayarama Reddy~~,

Sub:- As at p.52/ce.

Please refer to your letter No. C1-1971/ dt 4/1/71 on the subject cited,

I am desired to fd. h/w copies of Memorandum of Association and also the Articles of Association of the Mysore State Forest Corporation, with a request to kindly get the Memorandum and Articles of Association duly scrutised by the

L/D in the first instance.

As the matter is very urgent, you may please take the matter personally to the L/D and examine the clauses jointly with the D/S L/D and fd. the same for the appl. of Govt.

Y. F.

11/1/71

DS A&E

Shri C. Jayarama Reddy
M. D.
Mysore St. Forest Co-opn.
C/o C.C.F. (GL)
B'lore

MEMORANDUM OF ASSOCIATION OF MYSORE FOREST CORPORATION LIMITED.

======

I. The name of the Company is Mysore Forest Corporation Limited.

II. The Registered Office of the Company will be situated in the State of Mysore.

III. The objects for which the Company is established are:

MA-IN OBJECTS

1. To develop land for raising Forest Plantations and in particular Eucalyptus, Bamboo, tropical pines, rubber, Cashewnut, Cocoa and such other suitable species in the State of Mysore for the purpose of development of industries based on their produce.

2. To plant, grow, cultivate, produce and raise plantations of all kinds or varieties of Forest plants, trees and c-rops and natural products of every kind and other agricultural crops and to buy, sell, export, import, process, distribute or otherwise deal in all kinds of Forest plants, tree crops, natural products and Agricultural crops.

3. To carry on the business of planters, cultivators, sellers and dealers in timber, plywood, pulpwood, matchwood and such other products of every description and to manufacture, dispose of, sell and deal in products of such plantations and other forest c-rops of every description.

4. To establish, administer, own and run industries for manufacturing forest products.

5. To promote the development of forest industries, to operate suitable schemes and for that purpose to prepare and get or cause to be prepared reports, blue prints, statistics, feasibility studies and project reports and other information.

~~6. To take over from Government of Mysore lands, plantations, buildings, machinery, industrial units and facilities with their rights and liabilities.~~

6. To promote companies, firms, establishments, concerns or undertakings for the purpose of development

~~xxxxx~~ PRO

of industries based on forest produce and to assist and finance any individual firm or company with capital, loan, credit resources etc.

ANCILLARY OBJECTS

The objects ancillary or incidental to ~~the~~ carry on the ~~attainment of the main~~ main objects of the Company are:

1. To deal in all kinds of Chemicals, manures, fertilisers, pesticides, weedcides, fungicides, pharamaceutical products.

2. To deal in all kinds of equipments for logging conversion, hauling and transp-ort of Forest Produce Agricultural machinery and equipments, machine tools and metals of all kinds, fuel oils, lubricants and to establishment and run engineering and repair workshops of all descriptions.

3. To produce, grow, process, export, impoft of all varities of Forest seeds, garden seeds, farm seeds and seeds of all kinds and fodder of all varieties of any kind of product or by-products, therefrom.

4. ~~The~~ To acquire by concessions, grants, purchase, barter, license, lease or otherwise either absolutely, conditionally, solely or jointly with other, any tract or tracts of country lands, estates, houses, farms, watchrights, way-leaves and other works, privileges, rights, hereditaments and any machinery plant utensils, tract marks or other moveable and immovable property of any description whatsoever in any place in India or outside and to explore, survey, cultivate or develop the same.

5. To develop the resources of and turn to account any lands and any rights over to or connected with land belonging to or in which the Company is interested by cleaning, drainage, ~~fencing~~ fencing, irrigating, grazing, and by promoting irrigation and the establishment of colonies and settlements.

6. To manage wholly or in part, jointly or otherwise factories, farms, estates, gardens, forests, plantations and other establishments or concerns, manufacturing any

Contd. 3..

forest, agricultural or animal products or by-products.

7 ~~14~~. To enter into agreements and contracts with Governments, individuals, companies or other organisations for technical, financial or any other assistance for carrying out all or any of the objects of the Company.

8 ~~15~~. To enter into any partnership into any agreem-ents, or arrangement for sharing profits, union or interest, co-operation or joint adventure, ~~xxxxxxxx~~ receiprocal concessions or otherwise with any person, company, association or firm, having objects similar to those of the Company and calculated to benefit the Company and to carry on or conduct or liquidate or wind up any such partnership or arrangements purchased or otherwise acquired.

9 ~~16~~. To sell or dispose of or transfer the business of the Company or any part thereof for such consideration~~xx~~ as the Company may deem proper and in particular for shares, debentures, or securities of any other Company having objects altogether or in part similar to those of the Company.

10 ~~17~~. To promote any Company or companies for the purpose of acquiring all or any of the properties, rights and liabilities of the Company or for any other purpose calculated to benefit the Company, directly or indirectly and to distribute as may be resolved, in specie or otherwise, amongst the members of the company the assets possessed or received by the Company.

11 ~~18~~. To apply for, acquire and hold any charters, privileges, licences, monopolies, concessions, patents or other rights or powers, from the Indian Government or any other Government or State or any local or other authority in India or elsewhere or from any commercial or other ~~xxxx~~ companies, individuals or institutions and to exercise any powers, rights, privileges, etc., so obtained.

12 ~~19~~. To purchase, take on lease or otherwise acquire for the purposes of the Company any estates, lands, plantations machinery, industrial units buildings, roads, railways or railway sidings or other interests in immovable property and to mortgage, sell, let on lease, convey, assign or exchange and to manage in any other way the property and assets of the Company or any

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rights therein on such terms and conditions as the Company may think fit.

13 ~~20~~. The purchase or otherwise, acquire, erect, maintain, construct, repair and alter any building, sheds, offices, plants, machinery, drains, roads, bridges, culverts, railways and railway sidings, stalls, godowns, fences and boundaries and all other structure found necessary or convenient for the purposes of the Company.

14 ~~21~~. To raise, borrow, or secure moneys in such manner and such terms ~~and~~ as may deem expedient and in particular by way of loans, advances, deposits, ~~an~~ and issue of bonds, debentures or mortgages whether perpetual or otherwise and charged or not charged on the whole or any part of the rights or properties of the Company including the uncalled capital and redeem, purchase or pay off any such securities.

15 ~~22~~. To draw, accept, make endorse, discount and negotiate bills of exchange, hundies, promissory notes, bills of exchange bills of lading, delivery orders, warrants, warehouse-keeping certificates and other negotiable or commercial mercantile instruments for /or in the prosecution of the business of the Company.

16 ~~23~~. To pay all costs, charges and expenses of the incidental to the promotion, formation, registration and establishment of the Company or its branches and the issue of its capital, including any underwriting or other commission, brokers' fees, lawyers' charges and to remunerate in cash or in any other manner, any person or persons, for services rendered or to be rendered in introducing any person or business to the Company or in placing or assisting to place or guaranteeing the subscription of any shares, debentures, debenture stock or any other securities of the Company or for any other reason and for arrangements made prior to and in anticipation of the formation and incorporation of the company which the Company may think proper.

17 ~~24~~. To receive grants, ~~loans~~ Loans, advances, or other moneys or deposit, or otherwise from State or Central Government Banks, Companies, trusts or individuals with or without allowance of interest thereon, but without doing the business of banking within the meaning of the Banking Companies Act 1949 (Central Act X of 1949).

18 ~~25~~. To lend or deposit money belonging to, entrusted to or at the disposal of the Company to such persons or companies on such terms as may deem expedient, and in particular to customers and other having dealings with the Company with or without security upon such terms as may be thought proper and to guarantee the performance of contracts by any such persons or companies but not to do the business of banking as defined in Banking Regulation Act 1949.

19 ~~26~~. To invest the moneys of the Company, not immediately required, in such manner, other than in the share of the Company as from time to time may be determined.

20 ~~27~~. To establish, maintain, subscribe to or subsidise or become member of training institutions, research laboratories, research institutions, and experimental workshops for scientific and technical research and experiments.

28. To act as agent forGovernment or other authorities or any manufacturers, merchants and others and to transact and carry any agency, business of every kind and of any description.

21 ~~29~~. To employ or pay experts, Indian or foreign consultants etc., in connection with Planning and development of all or any of the business connected with the Company's operations.

22 ~~30~~. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any special or other fund, whether for depreciation or for repairing, replacing, improving, extending or maintaining any of the property of the Company or for redemption of debentures or redeemable preference shares or for special dividends or for equalising dividends or for any other purpose whatsoever, and to transfer any such fund or part thereof to any of the other funds herein mentioned.

23 ~~31~~. To use trade marks or trade names or brands for the products and goods of the Company and adopt such means of making known the business and products of the Company or of any Company in which the Company is interested as may seem expedient and in particular by advertising in news papers, magazines, periodicals by circulars by purchase and exhibition of works of art of interest by opening stalls

and exhibitions by publications and distribution of books and periodicals, calenders, almanacs and diaries by distributing samples and by granting prizes, rewards and donations.

24 ~~32.~~ To establish or appoint and maintain agencies for branches in India and elsewhere and to regulate and discontinue the same.

25 ~~33.~~ To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or dependents on connections of such persons by establishing provident or other funds, by grants of money, persons or other payments, and by providing or subscribing towards places of instruction and recreation and hospitals, dispensaries, medical and other assistance, as the Company shall think fit, and to subscribe money to or for and otherwise help any charitable or benevolent object or any exhibition or any public show or useful object.

26 ~~34.~~ To distribute in species or otherwise as may be resolved, any assets of the Company among its members, and particularly the shares, debentures or ~~other debentures or~~ other securities of any other company formed to take over the whole or any part of the assets or liabilities of this Company as may be permissible under Law.

27 ~~35.~~ To make donations to such persons or institutions and in such cases either of cash or of any other assets as may be thought, directly or indirectly conducive to any of the Company's objects.

28 ~~36.~~ To employ foresters, cultivators, gardeners, engineers mechanics, masons, carpenters, scaffold setters, painters, electricians and other technicians, salesmen, commercial and administrative staff and such other staff as may be found necessary for the efficient handling and conduct of the business of the Company.

29 ~~37.~~ To make advances upon or for the purchase of materials, goods, machinery, stores, and other articles required for the purpose of the Company.

Contd. 7 1..

30 ~~38~~. To tender for purchase of otherwise acquire any contracts and concessions for or in relation to the construction, ~~xxxxxxxxxxxxxxxx~~ executions, carrying out, equipment, improvement, management administration, or control of works and convenience and to undertake, execute, carryout, dispose of, or otherwise turn to account the same.

31 ~~39~~. To let out on hire all or any of the properties of the Company including every description of appratus and appliances of the Company.

32 ~~40~~. To amalgamate with any Company/Companies having objects altogether or in part similar to those of this Company.

33 ~~41~~. To obtain any Act of the Central or State Legislature, Provisional order, license of autonomous body or authority for enabling the Company to carry-out any of its objects into effect or for effecting any modification of the Company's constitution or for any other purpose which may seem expedient and to oppose any proceedings of application which may seem calculated directly or indirectly to prejudice the Company's interest.

34 ~~42~~. To open account or accounts with any individual, firm, or companies or with any bank or banks and to pay into and ~~and~~ to withdraw moneys from such account or accounts.

35 ~~43~~. To improve, manage, work, develop, alter, exchange, lease mortgage, turn to account, abandon or ~~xx~~ otherwise deal with all or any part of the property, rights and concessions of the Company.

36 ~~44~~. Subject to the provisions of the Companies Act 1956 and the constitution of India, to subscribe or contribute or to guarantee money to or otherwise to assist charitable, benevolent, scientific, national, or other institutions or subjects or for any exhibition or for any public, general or useful objects.

37 ~~45~~. To procure that registration or other recognition of the Company in any country, state or place outside India.

Contd. 8 ...

38 ~~46~~. To open and keep a register or registers in any country or State in India or abroad, wherever it may be deemed necessary and expedient to do so.

39 ~~47~~. To undertake and execute any trusts and undertaking where of may seem desirable, either gratuitously or otherwise.

40 ~~48~~. To do all or any of the matters hereby authorised (in any part of the world) either alone or in conjunction with or as factors, trustees or agents for any other companies or persons or by or through any factors, trustees or agents, and

41 ~~49~~. To generally to do all such other matters and things as may appear to be incidental or conducive to the attainment of the above objects or any of them or consequential upon the exercise of its powers or discharge of its duties.

IV. The liability of the Members is limited.

V. The share capital of the Company is Rs.20,000,000 (Rupees Two Crores) divided into 20,000 (Twenty Thousand) equity shares of Rs.1,000 (Rupees One Thousand) each.

We the several persons whose names and addresses are subscribed below are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of equity shares in the Capital of the Company set apposite our respective names.

S.l.	Name, address, description and occupation of the Subscribers	Number of Shares taken by each Subscriber	Signature of the Subscriber	Witness to signature with address description and occupation
1				
2				
3				
4				

ARTICLES OF ASSOCIATION
OF
MYSORE FOREST CORPORATION LTD.

PRELIMINARY.

Definition.

1. In these articles unless there be something in the subject or context inconsistent therewith:

"The Company" means Mysore Forest Corporation Limited.

"The Government" means the Government of Mysore.

"Dividend" includes bonus.

"In Writing" and "written" include printing, lithography and other modes of representing or reproducing words in a visible form.

"Member" means the duly registered holder from time to time of the shares of the Company.

"Month" means calender month.

"Persons" includes corporations as well as individuals.

"The Register" means the Register of Members to be kept pursuant to the Act.

"Share" means share in the share capital of the Company.

Table A to apply.

2. The regulations contained in Table 'A' in the first schedule to the Companies Act I of 1956 are hereby adopted, except in so far as they are excluded, added to or modified herein, as the regulations for the management of the Company,

The following articles in Table 'A' are specifically excluded:-

Proviso to Article 13(1) Article 56, Article 65, Article 66, Article 76, Article 81 and Article 84.

The marginal notes and catch lines hereto shall not effect the construction thereof.

PRIVATE COMPANY.

Private Company.

3. The Company is a Private Company and accordingly

(a) The number of members for the time being of the company, subject to Section 3(1) (iii) of the Act, is limited to fifty.

(b) Any invitation to the public to subscribe for any shares in, or debentures of, the Company is hereby prohibited.

(c) The right to transfer shares shall be restricted as herein after provided.

SHARE CAPITAL.

Allotment of shares.

4. The shares shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons on such terms and conditions as they think fit.

~~in prohibiting registration of a transfer.-~~ The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title, or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title of interest or notice prohibiting registration of such transfer and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do.

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CALLS ON SHARES.

Directors may make calls.

5. The Board shall have full discretion to fix the amount of each sum called in respect of a share and to determine the interval between two calls.

Calls to carry interest.

6. In partial modification of Article 16(1) of Table 'A' the Board may from time to time fix the rate of interest to be paid on calls not paid.

TRANSFER AND TRANSMISSION OF SHARES.

Restriction on transfer.

7. No shares shall be transferred by any holder without prior consent of the Government but this restriction shall not apply to transfers in favour of nominees of the Government.

Provided the Directors may, in their absolute and uncontrolled discretion, refuse to register any proposed transfer of shares.

No transfer to minor etc.

8. No shares shall, in any circumstances, be transferred to any minor, insolvent or person of unsound mind.* See slip attached.

FORFEITURE OF SHARES.

Notice of Forfeiture.

9. In partial modification of Article 29 of Table 'A', a notice of forfeiture of shares for failure to pay any call may also require the payment of all expenses that may have been incurred by the Company by reason of such non-payment.

Effect of forfeiture.

10. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.

ALTERATION OF CAPITAL.

On what conditions new shares be issued.

11. Any new shares issued shall be upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct, and if no such direction be given, as the Directors shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special or without any right of voting or otherwise.

New Capital same as existing Capital.

12. Except so far as otherwise provided by the conditions of issue or by these Articles any Capital raised by the creation of new shares, shall be considered as part of the original Capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Sub Divisions into preferred and ordinary.

13. The resolution, referred to in Article 45 of Table 'A' whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-divisions, one or more of such shares shall have some preference or special advantage as regards dividend, capital voting or otherwise over or as compared with the other or others.

BORROWING POWERS.

Powers to borrow.

14. Subject to the provisions of section 292 of the Act, the Board of Directors may, from time to time at its discretion, accept deposits from Members, either inadvance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

The payment of repayment of moneys borrowed.

15. The payment ~~of~~ or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular, by a resolution passed at a meeting of the Board (and not by resolution by circulation) ~~by resolution by circulation)~~ by mortgage or charge of or by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, and debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Charges or uncalled Capital.

16. If any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Directors may by instrument under the Company's seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the Members in respect of such uncalled capital and such authority may be made exercisable either

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presently or contingently and ~~ioht~~ either conditionally or unconditionally and shall be assignable if expressed so to be and the provisions in regard to calls hereinbefore contained shall mutatis mutandis, apply to calls made or to be made on such authority.

Terms of issue of debentures.

17.(a) Any debenture or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Provided that debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

Persons not to have priority over any prior charge.

(b) Whenever any uncalled capital of the company is charged, all persons taking any subsequent charges thereon shall take same subject to such prior charge and shall not be entitled by notice to the shareholders or otherwise to obtain priority over such prior charge.

GENERAL MEETINGS.

Seven days notice.

18. Not less than seven days' notice of every General Meeting shall be given in writing. Provided a shorter notice may be given if consent is accorded thereto in accordance with Section 171 of the Act.

Right of Government to appoint any person at its representative.

19. (i) The Government, so long as it is a shareholder of the Company, may from time to time, appoint such person as it thinks fit (who need not be a Member) to represent it at all or any meetings of the Company.

(ii) A person appointed under sub-clause (i) of this Article shall, for the purposes of the Act, be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) as the Government could exercise as a Member of the Company.

(iii) The Government may, from time to time, cancel any appointment made under sub-clause (i) of this Article and make fresh appointments.

(iv) The production at the meeting of an order of the Government shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.

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(v) Any person appointed by the Government under this article may appoint a proxy whether specially or generally.

Vote by Proxy.

VOTES OF MEMBERS.

20. Subject to the provisions of these Articles votes may be given either personally or by proxy. A member present by proxy shall be entitled to speak at meetings and to vote on a show of hands as well as on a poll.

Number of votes to which members entitled.

21. On a show of hands every member present in person or by proxy shall have one vote and upon a poll every Member present in person or by proxy shall have one vote for every share held by him either alone or jointly with any other person or persons. Provided, however, if any preference shareholder be present at any meeting of the Company, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares. The preference share holders may vote on the resolutions only in the circumstances provided under Section 87(2) of the Act.

BOARD OF DIRECTORS.

Number of Directors.

22. Subject to the provisions of section 252 of the Act, the Government shall, from time to time, determine in writing the number of Directors of the Company which however, shall not be less than two or more than twelve. The Directors shall not be required to hold any qualification shares.

Government to appoint Directors.

23. (i) The Directors shall be appointed by the Government and shall be paid such remuneration as the Government, may from time to time determine. Every Director, unless he has been appointed to any office under Article 27 hereof, shall hold office for a period of 3 years. Where the person appointed as Director (including the first Director) is the Chief Minister or a Minister or a Member of the Parliament or a Member of the State Legislature, he shall not be entitled to any remuneration.

(ii) The Government shall have the power to remove from office at any time in its absolute discretion any Director appointed by it, and shall have the right to fill any vacancy in the office of the Directors caused by removal, resignation, death or otherwise, by fresh appointment.

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(iii) In addition to any remuneration payable to them in pursuance of clause (i), the Directors may be paid such sum as the Board may fix from time to time for travelling and other expenses incurred by them:

(a) in attending and returning from Meetings of the Board or any Committee thereof or General Meetings of the Company, or

(b) in connection with the business of the Company.

Appointment of Chairman, Managing Director.

24. The Government may, from time to time, appoint one or more of the Directors to the Office of the Chairman of the Board of Directors, Managing Director, or a whole-time Director of the Company for such time and on such remuneration as it may think fit and may, from time to time, remove or dismiss him or them from service and appoint another or others in his or their place or places. Any such Director appointed to any such office shall, if he ceased to hold the office of the Director from any cause, ipso facto and immediately cease to be Chairman/Managing Director, whole-time Director as the case may be. Provided that where the person appointed as the Chairman of the Board (including the first Chairman) is the chief Minister or a Minister ~~of State for Fisheries and Ports of the Government of Mysore~~ or a member of the Parliament or a member of the State Legislature, he shall not be entitled to any remuneration.

First Directors Chairman and Managing Director.

25. (i) The persons hereinafter named shall be the first Directors of the Company.

(1) Shri.Alur Hanumanthappa, Minister of State for Forests, Government of Mysore, Vidhana Soudha, Bangalore-1.

(2) Shri.Y.M.L.Sharma, Chief Conservator of Forests (General), in Mysore, Bangalore-1.

(3) Shri.G.R.Mavinkurve, Chief Conservator of Forests, (Development), Bangalore-3.

(4) Shri.G.B.Deshapande, Deputy Secretary to the Government of Mysore, Agriculture and Forest Department, Vidhana Soudha, Bangalore-1.

(5) Shri.A.Mohandas Moses, Deputy Secretary to the Government of Mysore, Finance Department, Vidhana Soudha, Bangalore-1.

(6) Shri.T.R.Satishchandran, Director of Industries and Commerce, Government of Mysore, Bangalore-1.

(7) Two representatives of the Financial Institutions
(8) (to be nominated later).

(9) One member representative of the Forest Based Industries (to be nominated later).

(10) Shri.C.Jayaram Reddy, Conservator of Forests.

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(ii) The First Chairman of the Board of Directors and Managing Director of the Company shall be:-

(1) Shri.Alur Hanumanthappa, Minister of State for Forests, Government of Mysore, Bangalore - CHAIRMAN.

(2) Shri.C.Jayaram Reddy, Conservator of Forests as Managing Director.

Powers and duties of Managing Director.

26. The Directors may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

General Management in hands of Managing Director.

27. The Managing Director, subject to the provisions of the Act and these Articles, shall be entitled to the management of the whole of the affairs of the Company and he shall exercise his powers as such Managing Director subject to the superintendence, control and direction of the Board of Directors of the Company.

Managing Director may sub-delegate.

28. The Managing Director may be authorised by the Board to sub-delegate such of his powers as he may think fit to other officers of the Company subordinate to him and such sub-delegation of powers made by the Managing Director, shall be reported at the meeting of the Board immediately following the date of each such sub-delegation.

PROCEEDINGS OF BOARD.

Chairman.

29. If no Chairman is appointed by the Government of if at any meeting the Chairman is not present within 10 minutes after the time for holding the same, the Directors present may choose one of their number to be Chairman of the Meeting.

Powers of Board Meeting.

30. A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers, and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board of Directors generally.

Appointment of alternate or substitute Director.

31. The Board of Directors may, from time to time, appoint an alternate or substitute Director to act for a Director during his absence of not less than three 3 months from the Mysore State. The appointee while he holds office as an alternate or substitute Director shall be entitled to notice of meetings and to attend and vote there as a Director, but he shall not require any qualifications and shall be entitled to receive the remuneration which the original Director would have received. Any appointment so made may be revoked at any time by the Board of Directors. Any alternate or substitute Director shall ipso facto vacate office if and when the original Director returns to the Mysore State.

Resolution by circulation.

32. Subjects to Section 289 of the Act, a resolution in writing, signed by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of the meeting of the Board or Committee, shall be as valid and effectual as if it had been passed at a meting of the Board or Committee duly convened and held.

POWERS OF BOARD.

Certain powers of the Board.

33. Without prejudice to the general powers conferred by Section 291 of the Act and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, it is hereby declared that the Board of Directors shall have the following powers, that is to say, power:-

(1) (a) to authorise the undertaking of works of a capital nature subject to the condition that all cases involving a capital expenditure exceeding rupees one crore shall be referred to the Government for approval before authorisation.

(b) to authorise, in cases where detailed project reports have been prepared with estimates of the different component parts of the projects and duly approved by the Government, the undertaking of all works covered under the approved estimates including variations not exceeding 10 percent of any particular component without further reference to the Government, provided there is no substantial variation in the scope of the project.

(2) To pay and charge to the capital account of the Company any interest lawfully payable thereout under the provisions of section 208 of the Act.

(3) Subject to the provisions of Section 292 and 297 of the Act, to purchase, take on lease or otherwise acquire for the Company any property, rights or privileges, which the company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such titles as the Directors may believe or may be advised to be reasonably satisfactory.

(4) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(5) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(6) To accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.

(7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.

(8) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company, and to refer any differences to arbitration, and observe and perform any awards made thereon.

(9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(10) To open any account or accounts with such bank or banks as the Board of Directors may select or appoint, to operate on such accounts to make, sign, draw, accept endorse or otherwise execute cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other negotiable instruments. To make and give receipts, releases and other discharges for moneys payable to the Company and for claims and demands of the Company.

(11) Subject to the provisions of Sections 292 and 370 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

(12) To execute in the name and on behalf of the Company in favour of any Directors or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgages may contain a power of sale and such other powers, provisions, convenants and agreements as shall be agreed upon.

(13) To determine from time to time who shall be entitled to sign on the Company's behalf, Bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.

(14) To distribute, by way of bonus or ex-gratia payment in the form of cash awards amongst the staff of the Company, a share or shares in the profits of the Company, and to give to any officers or other persons employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the workin expenses of the Company.

(15) Before recommending any dividend to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or to Depreciation

Fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company, and for such other purposes (including the purposes referred to in the preceding clauses) as the Board of Directors may, in their absolute discretion, think conducive to the interest of the Company and subject to the provisions of Section 205 of the Act, to invest the several sums so set aside or so much thereof as require to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company in such manner and for such purposes as the Board of Directors, in their absolute discretion, think conducive to the interest of the Company, notwithstanding that the matters to which the Board of Directors apply or upon which they expand the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expanded, and to divide the Reserve Fund into such special funds as the Board of Directors may think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and that without being bound to keep the same separate from the other assets, and without being bound to pay interest on the same, without power, however, to the Board of Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper.

(16) To appoint, and at their discretion remove or suspend such ~~managers~~ managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries, emoluments or remuneration and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transadtion of the affairs of the Company in any specified locality in India or elsewhere in such manner as

they think fit; and the provisions contained in the three next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(17) From time to time and at any time to establish any local board or agency for managing any of the affairs of the Company in any special locality in India or elsewhere and to appoint any persons to be members of such local boards or agents and to fix their remuneration.

(18) Subject to the provisions of Section 292 of the Act, from time to time, and at any time to delegate to any person (appointed in accordance with clause 17 above) any of the powers, authorities and discretions for the time being vested in the Board of Directors, other than their power to make calls or to make loans or borrow moneys and to authorise the members for the time being of any such local board, or any of them to fill up any such appointment or delegation may be made on such terms, and subject to such conditions as the Board of Directors may think fit, and the Board of Directors may at any time remove any person so appointed, and may annul/vary any such delegation.

(19) At any time and from time to time by Power of Attorney under the seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these presents and excluding the power to make calls and excluding also, except in the limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board of Directors may from time to time think fit, and any such appointment may (if the Board of Directors think fit) be made in favour of the members of any local board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board of Directors and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board of Directors may think fit and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate

all or any of the powers, authorities and discretions for the time being vested in them.

(20) Subject to and in terms of Section 292 of the Act, to sub-delegate all or any of the powers, authorities and discretions for the time being vested in the Board of Directors subject to the ultimate control and authority being retained by them.

(21) To authorise any such delegates as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

(22) Subject to the provisions of Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

Directors may reserve decision.

34. The Board of Directors shall reserve for the decision of the Government any proposals or decisions of the Board of Directors in any matter which in their opinion is of such importance as to be reserved for such decision. No action shall be taken by the Company in respect of any proposal or decision of the Board of Directors reserved for the approval of the Government as aforesaid until its approval to the same has been obtained.

THE SEAL.

The Seal, its custody and use.

35. The Board of Directors shall provide a common seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board of Directors shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board of Directors or a Committee of the Board previously given and in the presence of two Directors at the least.

Deeds how executed.

36. Every deed or other instrument to which the seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney, be signed by two Directors at the least.

117 55

DIVIDENDS AND RESERVE.

37. The declaration of the Board of Directors as to the amount of the profits of the Company shall be conclusive.

38. The Board of Directors may retain the dividends payable upon shares in respect of which any person is, entitled to become a Member, or which any person is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Transfer of shares be registered.

39. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

40. Dividends unclaimed for one year after having been declared may be invested or otherwise used by the Board of Directors for the benefit of the Company until claimed.

Dividends and call together.

41. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members be set off against the calls.

CAPITALISATION OF PROFITS.

Capitalisation.

42. A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company ~~of~~ on any investments representing the same, or any other undistributed profits, of the company not subject to charge for income Tax, be distributed among the Members on the footing that they receive the sum as share capital of the Company.

Application of money of capital redumption fund.

43. If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redumption fund arising from the redemption of such shares may, by resolution of the Company, be applied in paying up in full or in part, any new shares or any shares then remaining unissued, to be issued to such members of the company or other persons as the Board of Directors may resolve upto an amount equal to the nominal amount of the shares so issued.

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DOCUMENTS AND NOTICES.

Note binding.

44. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which, previously to his name and address being entered on the Register, shall have been duly served on or given to the person from whom he derives his title to such share.

Notice valid through member deceased.

45. Any notice or document delivered or sent by post to or left at the registered address of, any Member in pursuance of these presents shall, notwithstanding such Member be then deceased, and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such Member until some other person be registered in his stead as the holder or joint-holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such shares.

Notice by Advertisement.

46. Any notice required to be given by the Company to the Members or any of them and not expressly provided for the by the Act or those presents shall be sufficiently given if given by advertisement.

47. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature may be written, printed or lithorgraphed.

INDEMNITY.

48. Subject to the provisions of section 201 of the Act, every Director, Manager, auditor, secretary and other officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all cost, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into, or act or thing done by him as such officer or servant or in any way in the discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all other claims.

Individual Responsibility of Directors.

49. No Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer of the Company or for joining in any receipt or other act for conformity, or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by the order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own negligence, default, misfeasance, breach of duty or breach of trust.

SECURITY CLAUSE.

50. No member shall be entitled to visit or inspect any works of the company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the company and which in the opinion of the Board of Directors, it would be inexpedient in the interest of the Company to disclose.

51. Notwithstanding anything contained in any of these Articles the Government may, from time to time, issue such directions as it may consider necessary in regard to the exercise and performance of the function of the Company in matters involving substantial public interest, and in like manner may vary and annual any such directions. The Directors shall duly comply with and give immediate effect to the directions so issued.

Sl. No.	Names, addresses, descriptions and occupations of subscribers.	Signature of Subscriber.	Witness to signature with address description and occupation.
1.	2.	3.	4.

Dated: This day the . . . . . of . . . . . .

Sd/- Under Secretary to Govt. A&FD.

/Copy/

GS/4-1'

SL. No. 10 120 52

Office of the
Managing Director,
Mysore Forest Corporation Ltd.,
New Public Offices,
Bangalore-1, Dated Jan.'1971.

No.Cl-1971/Eds:2

To
The Secretary to Government,
Agriculture and Forest Department,
Bangalore-1.

Secy., A&F No. 37 Date 5/1/71

Sir,

Sub: Mysore Forest Corporation Limited -
Formation of -
Ref: Govt.Order No.AFD-1-FAD-69(1),dated 2.1.1971.
ii) Govt. Order No.AFD-1-FAD-69,(ii) dated 2.1.1971.

-x-

I forward here-with copies of the Memorandum of Association as also the Articles of Association of the Mysore Forest Corporation Limited for your kind perusal and further needful action.

Yours faithfully,
C. Jayarama Reddy 4/1/71
(C.Jayarama Reddy)
(MANAGING DIRECTOR)

5/1
US (Tech)
Gs.
5/1/71.

Sl. no. 9 121 51

PROCEEDINGS OF THE GOVERNMENT OF MYSORE

Sub: Development of Forests - Formatkon of Mysore State Forest Corporation - Approved -

ORDER NO.AFD 1 FAP 69(II)
DATED:BANGALORE:THE 2ND JANUARY 1970.

Pursuant to the Government Order of even number and date sanctioning the formation of the Mysore State Forest Corporation, the Governor of Mysore is pleased to order the constitution of the Board of Directors of the said Corporation consisting of the following persons:-

1. Sri Alur Hanumanthappa, Minister of State for Forests.
2. Sri Y.M.L.Sharma, Chief Conservator of Forests(General) in Mysore, Bangalore.
3. Sri G.R.Mavinkurve, Chief Conservator of Forests, (Development), Bangalore-3.
4. Sri G.B.Deshpande, Deputy Secretary to Govt., Agriculture and Forest Department.
5. Sri A.Mohandas Moses, Deputy Secretary to Government, Finance Department.
6. Sri T.R.Satishchandra, Director of Industries & Commerce, Bangalore.
7. & 8. Two representatives of the Financial Institutions(to be nominated later).
9. One member representatives the Forest Based Industries - (to be nominated later)
10. Sri C.Jayarama Reddy, Conservator of Forests.

2. The Governor is further pleased to appoint Sri Alur Hanumanthappa, Minister of State for Forests as Chairman of the Board of Directors and Sri C.Jayarama Reddy as Managing Director of the Corporation.

3. The Chairman, Managing Director and the other Directors will take office on the date of incorporation of the Company.

4. Sanction is also accorded to the drawal by the Managing Director - designate of a sum of Rs.10,000-00(Rupees ten thousand only) ~~xxxxxxxxx~~ to meet the immediate expenditure on Registration, Stamp fees, Salaries of the staff etc. The expenditure is debitable to 96, Capital Outlay on Industrial and Economic Development (b) - Investment in Government Commercial and Industrial Undertakings - A. Normal - 4 - Investment in Forestry Corporation".

S.N.Krishna murthy
(S.N.Krishna Murthy)
Special Officer & Ex-Officio
Under Secretary to Government,
Agriculture & Forest Department.

To
The Compiler, Mysore Gazette, Bangalore for publication in the Mysore Gazette.

Copy to:-

1) The Accountant General, Mysore, Bangalore.
2) Sri Y.M.L.Sharma, Chief Conservator of Forests(General) in Mysore, Bangalore.
3) Sri G.R.Mavinkurve, Chief Conservator of Forests (Development), Bangalore-3.
4) Sri T.R.Satishchandra, Director of Industries &Commerce in Mysore, Bangalore.
5) Sri G.B.Deshpande, Deputy Secretary to Government, Agriculture & Forest Department.
6) Sri A.Mohandas Moses, Deputy Secretary to Government, Finance Department.
7) P.S, to Minister of State for Forests.
8) Sri C.Jayarama Reddy, Conservator of Forests.
9) Finance Department.
10) Cabinet Section.
11) Commerce & Industries Department.

SL.No.8 123 49

Sub: Development of Forests ~~Corporation~~ in the State - Formation of Mysore State Forest Corporation - Approved.

PROCEEDINGS OF THE GOVERNMENT OF MYSORE.

ORDER NO.AFD 1 FAP 69(I)

DATED BANGALORE THE 2ND JANUARY 1971.

With reference to the correspondence resting with the Chief Conservator of Forests letter No.B1/3/PRR/3/69-70 dated the 5th August 1970, on the subject mentioned above, the Governor of Mysore has been pleased to accord sanction to the formation of the Mysore State Forest Corporation, to be registered under the Indian Companies Act 1956, with an authorised share capital of Rs. 2.00 Crores (Rupees Two Crores only), to be contributed wholly by Government.

2. Sanction is also accorded to the following:-

(a) to the transfer of one lakh acres of forest land to the Corporation towards its share capital at the rate of Rs. 200/- per acre. The Government reserve the right to recover from the Corporation rent or royalty in respect of this land at the rate to be determined later.

(b) to advance Rs. 1.00 lakh (Rupees one lakh, only) to the Corporation in order to meet immediate requirements of Registration and Stamp fees and salary of the skeleton establishment including that of the Managing Director, etc.

(c) The expenditure is debitable to "96 Capital Outlay on Industrial and Economic Development (b) - Investment in Government Commercial and Industrial Undertakings - A. Normal - 4 - Investment in Forestry Corporation".

3. This issues with the concurrence of the Finance Department vide No.FD 9531/W&S/70 dated 31-12-1970.

S N Krishna murthy
(S.N.Krishna Murthy)
Special Officer & Ex-Officio
Under Secretary to Government,
Agriculture & Forest Department.

To
The Chief Conservator of Forests(General) in Mysore, Bangalore.
The Chief Conservator of Forests(Development), Bangalore-3.
The Accountant General, Mysore, Bangalore.
The Compiler, Mysore Gazette, Bangalore for publication in the Mysore Gazette.
The Board of Directors of Forest Corporation.

Copy to: Finance Department.
Cabinet Section.
Commerce & Industries Department.

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124 48

DRAFT-1.

Sub: Development of Forest Corporation in the State - Formation of Mysore State Forest Corporation - Approved.

PROCEEDINGS OF THE GOVERNMENT OF MYSORE.

ORDER NO.AFD 1 FAP 69

DATED BANGALORE THE 31ST DECEMBER 1970.

With reference to the correspondence resting with the C.C.F.'s letter No.B1/3/PRR/3/69-70 dated the 5th August 1970, on the subject mentioned above, the Governor of Mysore has been pleased to accord sanction to the formation of the Mysore State Forest Corporation, to be registered under the Indian Companies Act 1956, with an authorised share capital of Rs. 2.00 Crores (Rupees Two Crores only), to be contributed wholly by Govt.

2. Sanction is also accorded to the following:-

(a) to the transfer of one lakh acres of forest land to the Corporation towards its share capital. ~~The value of the land~~ at the rate of Rs. 200/- per acre ~~which would form the assets of the Corporation is estimated at Rs. 2.00 Crores~~. The Government reserve the right to recover from the Corporation rent or royalty in respect of this land at the rate to be determined later.

(b) to advance Rs. 1.00 lakh (Rupees one lakh only) to the Corporation in order to meet immediate requirements of Registration and Stamp fees and ~~xk~~ salary of the skeleton establishment including that of the Managing Director, etc.

(c) The expenditure is debitable to " 96 Capital Outlay on Industrial and Economic Development - (b). Investment in Government Commercial

ISSUED 4.1.1971

p.t.o.

and Industrial Undertakings - A. Normal - 4 - Investment in Forestry Corporation".

3. This issues with the concurrence of ~~the~~ the Finance Department vide No. FD 95 31/W&S/70 date 31/12/70

2-1-71

Under Secretary to Govt.
A & F.Department.

To

126 46

DRAFT-II.

Sub: Development of Forests ~~Corporation in the State~~ - Formation of Mysore State Forest Corporation - Approved -

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PROCEEDINGS OF THE GOVERNMENT OF MYSORE.

ORDER NO.AFD 1 FAP 69

DATED BANGALORE THE 31ST DECEMBER 1970.

Pursuant to the Government Order of even number and date sanctioning the formation of the Mysore State Forest Corporation, the Governor of Mysore is pleased to order the constitution of the Board of Directors of the said Corporation consisting of the following persons:-

1. Sri Alur Hanumanthappa, Minister of State for Forests.
2. Sri Y.M.L.Sharma, Chief Conservator of Forests (General) in Mysore, Bangalore
3. Sri G.R.Mavinkurve, Chief Conservator of Forests (Development).
4. Sri G.B.Deshpande, Deputy Secretary to Government Agri. & Forest Department.
5. Sri ~~A.M.R.Moses~~ A. Mohandas Moses, Deputy Secretary to Government, Finance Department.
6. Sri T.R.Satishchandra, Director of Industries & Commerce, Bangalore.
7. & 8. Two representatives of the Financial Institutions (to be nominated later)
9. One member representing the Forest Based Industries - (to be nominated later).
10. Sri C.Jayarama Reddy, Conservator of Forests.

ISSUED 4-1-1971

2. The Governor is further pleased to appoint Sri Alur Hanumanthappa, Minister of State for Forests as Chairman of the Board of Directors and Sri C.Jayarama Reddy as Managing Director of the Corporation.

p.t.o.

3. The Chairman, Managing Director and the other Directors will take office on the date of incorporation of the Company.

4. Sanction is also accorded to the drawal by the Mg. Dir-designate of a sum of Rs.10,000-00 (Rupees ~~Five~~ Ten Thousand only) to meet the immediate expenditure on Registration, Stamp fees, Salaries of the staff etc. The expenditure is debitable to 96, Capital outlay etc

2-1-1971.

Under Secretary to Government,
A & F.Department.

To

128 44

F.C. 26/10/70

1970.

Secret.

MYSORE GOVT. SECRETARIAT
No. C.459/70
Date 2 OCT 1970
G.A.D. (COUNCIL SECTION)

Cabinet Note.

Sub:- Forest Department - Establishment of Corporation for Forest Plantations.

...

The Scheme for raising Plantations of Fast ~~Gor~~ Growing Species, sponsored by the Government of India on the basis of cent per cent subsidy, was in existence from 1963 till the end of the financial year 1968-69. Taking full advantage of the financial assistance given, the State Government was able to achieve considerable progress in starting plantations of economically important species of industrial potentiality. As a result of a policy decision of the Government of India, this Scheme for raising plantations of Fast Growing Species has now ceased to be a centrally sponsored scheme ~~forcing~~ the State Government is therefore required to seek alternative avenues to secure financial assistance for furtherance of the Scheme which needs to be continued in view of the encouraging response from the industrialists interested in pulp and wood based industries.

2. At a meeting of the concerned State Government Officers and the Joint Secretary to Government of India, Ministry of Food, etc ~~and Agriculture and Community Development and Co-operation~~ on 18-2-1969, it was decided that a separate Corporation may be set up to undertake this scheme on an enlarged scale.

3 Consequently a comprehensive scheme estimated to cost ~~amounting~~ to Rs. 38 crores involving the development of scrub forests and dry deciduous forests ...

....2.

deciduous forests and extending over an area of 7,67,500 scrub forests and 15 lakhs acres of Dry deciduous forests, for a period of 44 years was got prepared by the Chief Conservator of Forests for consideration of the Government ~~and~~ this ~~project~~ scheme report was considered by the Cabinet on 4-3-1970 when ~~and~~ the following decisions were taken:-

a). to ~~the~~ constitute ~~on of~~ a Forest Corporation, ~~in principle~~,

b). to negotiate with the State Bank of India, Agriculture Finance Corporation and Commercial Banks, with a view to ~~get~~ securing financial support for constituting the Corporation as early as possible.

4. Based on the above decisions, negotiations were started with the Agricultural Finance Corporation, Bombay, ~~to get the necessary financial assistance~~. The Agricultural Finance Corporation, after a detailed study of the project report, opined that the financial aid sought after can only be available for the purpose of raising plantations yielding Industrial Raw Materials and not for the developmental purposes of the Forest Department. Hence the earlier project report had to be ~~revised thoroughly~~ recast ~~and~~ A ~~revised~~ recast project report for raising & developing only the plantations of the Industrially useful species, has since been prepared and submitted to the Govt. by the Chief Conservator of Forests (General).

5. This project report envisages the raising of 2 lakhs acres of plantations of useful species of Industrial potentiality at the rate of 20,000 acres per year over a period of ten years. Besides the

Contd...3.

pulp wood primarily intended for paper or Rayon Industry, these plantations are intended for the subsidiary purposes like getting aromatic oils from the distillation of leaves and electrical transmission poles, etc.

6. The total ~~outlay of~~ expdr on the scheme is ~~proposed at~~ estimated at Rs.1077-70 lakhs consisting of Rs. 805-02 lakhs of the loan and Rs. 272-68 lakhs of Interest at 9% on the loan granted.

7. The equity capital of the Government will be in the form of 4 lakh acres of land to be handed over to the Corporation after exploitation of the existing forests, which will be eqqal to Rs. 10 crores at the rate of Rs. 250/- per acre. Besides ~~that,~~ this, the Government will have to hand over to the Corporation 2.12 lakhs acres of the existing plantations of Eucalyptus already existing within the State, which approximately yields the revenue of Rs. 36 lakhs annually, which comes in handy for the corporation to pay the part of the loan and Interest thereof even from the four year since inception. It is expected that the entire loan and interest thereof granted to the corporation from the financing Agency would be repaid by about 1995 and the Govt. in turn will receive about Rs. 25 crores by way of rental value by about 2010 A.D.

8. Considerable spade work has already been done in ~~the direction of obtaining adequate~~ regard to the financial aid ~~from~~ expected to be made available by the Agriculture Finance Corporation and their

Contd....4.

technical and financial experts are expected to visit Bangalore shortly to scrutinise the Project Report and the viability of the proposed schemes before the Corporation could consider the extent and terms of financial aid it has to offer.

9. In the meantime the Chief Conservator of Forests (General) has approached the Government with the proposal of appointing a Special Officer of the cadre of a Conservator of Forests of I.F.S. in the scale of pay of Rs. 1,300-50-1,800 along with a post of a Stenographer in the scale of pay of Rs.130-5-150-8-190-EB-10-260-15-290 with a special pay of Rs. 30/- and two Orderlies in order to take immediate action to attend to the field work connected with the selection of the plantation areas and nursery etc. which will have to be contemplated well in advance, even before the actual formation of the Corporation. The formalities connected with the creation of the Corporation also involve considerable administrative work which cannot be attended to by an officer, like the Conservator of Forests (Development & Working Plans Circle), in addition to his normal work. The intention also is to nominate the same officer to be the Managing Director of the Corporation when it is constituted.

10. When the proposals were referred to the Finance Department, they have expressed their opinion as noted below:

> "This has been considered by the Staff Screening Committee. The details of the Scheme, and its economic viability are under examination in consultation with the AFC in Bombay. The

discussions are yet to be completed, and it is seen from the papers that the AFC are sending two officers to look into the proposals and to formulate a final project. When this is the case, the precise work that the Special Officer will turn out at this stage is not clear.

2. FD would therefore suggest that the appointment of the Special Officer could wait for a little while, and could be considered as soon as the AFC complete their examination and a final project is ready. This will give sufficient time for the Special Officer to organise matters and see that the Corporation commences working effectively".

11. The officers of the A.F.C. were expected to visit Bangalore in the middle of October to scrutinise the revised Project Report and to indicate the terms of the financial aid the Corporation proposed to offer. It was felt that unless the extent and the terms of financial assistance from the A.F.C., or any other Financial Institution, which was prepared to give the required assistance were known, there would be little point in forming the Corporation. However, since the formation has already been delayed pending finalisation of these negotiations with the A.F.C. and the legal formalities connected with the formation will take considerable time, it has been suggested that immediate steps may be taken to constitute the Corporation and to appoint a Board of Directors, at the earliest. The Special Officer proposed to be appointed could then take up the completion of the formalities such as preparation of the Articles of Association and Memorandum of Association and the registration of the Corporation under the Companies Act and also deal with the matters regarding the obtaining of the financial assitance with the A.F.C., or any other Financial Institution in case A.F.C. is not inclined to offer the required assistance,

and settle the terms and conditions of the financial assistance in consultation with the Board of Directors and the Government. The Special Officer to be appointed will also eventually take over as the Managing Director of the Corporation.

12. The Board of Directors may consist of the following:

Minister of State for Forests -	Chairman.
Chief Conservator of Forests(Genl).	Director ~~Member.~~
Chief Conservator of Forests(Devt.)	"
Deputy Secretary, A.&.F.D.	"
Deputy Secretary, Fin. Dept.	"
Two representatives of the A.F.C. (or any other Financial Institution which agrees to give the required financial assistance).	"
One Member to be chosen by Government to represent the Forest based Industries such as Pulp, Paper, Rayon.	"
Director of Industries & Commerce.	"
Managing Director of the status of Conservator of Forests.	"

13. The Minister of State for Forests has instructed for putting up the Cabinet Note in view of the Finance Department's remarks quoted in para. 10 above. The Chief Minister also instructed Secretary the other day to expedite the submission of the Cabinet Note. Hence this note.

14. Approval of the Cabinet is solicited to:

i) the formation of the Mysore State Forest Corporation with the Board of Directors as proposed in para. 12. The proposed Board of Directors will obtain approval of the Government for the Memorandum of Association and the Articles of Association of the Corporation and to the extent and terms of financial assistance to be obtained, as and when they are finalised,

ii).....

134 38

(ii) the immediate creation of the post of Special Officer in the grade of the Conservator of Forests, with one post of a Stenographer and two posts of orderlies, in the usual scale, to assist him.

26/x/20

Secretary to Government,
A.&.F.Dept.

Sl. No. 7

135 37
AFD 7646-FA 70
12/10/70

C. F. No. 45]

GOVERNMENT OF MYSORE

31293

Telegram / Telephone

OFFICE OF THE

CHIEF CONSERVATOR OF FORESTS (GENERAL)

in Mysore, Bangalore,

No. B1/3/PRR/3/69-70.
Encls.

Date 8/10/~~Sept~~.1970.

12 OCT 1970

To

The Secretary to Government,

Agriculture and Forest Department,

BANGALORE.

Sir,

Sub:-Proposals for the creation of the post of an Accounts Superintendent knowing Cost Accountancy.

Sri ARB 12/x

I enclose herewith a copy of letter No.Chief Conservator of Forests (Dev) EST-GL-2494/70-71 Dated 19-8-1970 together with its enclosure received from the Chief Conservator of Forests (Development) Bangalore-3 on the above subject. The ~~Conservator of~~ Forest ~~Officer,~~ Working Plans and Development Circle, Bangalore, has substantiated the need for the creation of a State Accounts Superintendent (for cost accounting) in his office for work relating to preparation of Forest plantation Corporation and other allied works in the grade of Rs.250-10-300-15-420-EB-500 for a period of one year. This post has been proposed to be got deputed from the State, Accounts Department. The Controller of State Accounts, Bangalore who was consulted in the matter informs vide his letter CSA-6 (170) ASP-70-71 Dated 3-9-70 (Copy attached) that qualified Superintendent who has passed cost Accountancy Examination is available in his Department.

I therefore request you kindly to move the Government to create a post of Cost Accounts Superintendent in the department in the grade of Rs.250 to 500 for a period of one year in the first instance in the circumstances stated above. Government may also be moved to accord deputation of the above official from the State Accounts department.

The total recurring expenditure involved in this case will be Rs.6823/- as detailed in the enclosed proposition Statement. The expenditure on this account is debitable to "70-Forest-b-Conservancy and works -e (6) Working Plan organisation and can be met from the sanctioned grants during 70-71. The post will be transferred to the Corporation when the same is formed.

Yours faithfully,

Chief Conservator of Forests

N.

Copy of letter No.CSA-6(170)ASP-70-71 Dated 3-9-1970, from the Controller, State Accounts Department, Bangalore, to the Chief Conservator of Forests in Mysore, Bangalore.

Sub:-Proposal for the creation of a cost Accounts Superintendent.
Ref:-No.B1/3/PRR/69-70 Dated 27-8-70.

I write to state that a qualified Superintendent who has passed the Cost Accountancy Examination (in full) is available in this Department. Please intimate when the official can be posted to your office at an early date.

(COPY)

O/c.
RK:
3/10/70.

Chief Conservator of Forests
in Mysore, Bangalore.

Copy of letter No.CCF (Dev) Est-GL-2494/70-71 Dated 18/19th August, 1970, from the Chief Conservator of Forests (Development), Bangalore, to the Chief Conservator of Forests in Mysore, Bangalore.

Sub:-Proposal for the creation of a Cost Accounts Superintendent.

The Conservator of Forests, Working Plans and Dev.Circle, Bangalore reports that in connection with the formation of a Forest Corporation for raising Plantations to supply Timber, Fuel etc. for wood based Industries several statements of statistics and profit and Loss of the proposals have to be compiled and that the need for a cost Accountant is being felt. Therefore he has proposed that we should have a cost Account Superintendent from the State Accounts Department. A copy of his letter No.E-85-Staff/140/70-71 Dated 4/5th Aug.70 is enclosed for reference.

2. There are some Superintendents of the State Accounts Department working in the Forest Department for Internal Audit purpose. I suggest that the controller, State Accounts Department may be addressed to post one or two cost Accounts Superintendents to the Forest Department, transferring equal number of the existing internal audit Superindents. This will avoid extra cost.

3. The correspondence about the internal audit staff is not available in this office. I therefore request that the matter may be taken up with the Controller, State Accounts Department from youroffice.

Copy of letter No.E-85-Staff-140/70-71 Dated4/5th Aug.70 from the Conservator of Forests, Working Plans and Development Circle, Bangalore, addressed to the Chief Conservator ofForests (Dev.), Bangalore.

Sub:-As Above.

Of recent, this office is being asked to prepare plans and schemes for various projects involving financial out-lay of crores of rupees, e.g., we have been asked to finalise proposals for the formation of a Forest Corporation in Mysore State. This needs the services of an Accounts Superintendent with knowledge of cost Accountancy (cost Accountant) to go into the detailed calculations and to work out figures in connection with raising of loan payment of interest and re-payment, etc., keeping in view the financial and other liabilities of the Corporation or the under-taking. Normally the Accountants that are working in this Department are not conversant with this branch of arithmatics. An official who is specially trained in cost accountancy will be of a great help in finalising such schemes. The present experience is that we have to depend on the services of Cost Accountants to be borrowed by other offices and this system is not satisfactory as such services do not readily forthcome and that too when their services are most needed.

Therefore I propose in the interest of Forest Department and Planning Section of this office, to create a post of a Cost Accounts Superintendent to be drawn from State Accounts Department in the time scale of Rs.250-10-300-420-EB-20-500 for a period of one year. As the matter is urgent, I request you to create the same and sanction it at your end for the period of six months to start with and to approach Government for continuing it for a longer basis. The financial implication involved on this proposal is shown in the proposition statement herewith enclosed.

Sd.
Conservator of Forests.

(COPY)

Chief Conservator of Forests
in Mysore, Bangalore.

N.

SL.No.6 138 P.34

AFD 7474 FA 70

3/10/70.

V.N.Nadgir, B.Sc.(Hons.), A.I.F.C.,
Conservator of Forests,
Working Plans & Development Circle,
Bangalore.

D.O.No.Dpt.51.PASF.127/69-70.

New Public Offices,
Bangalore, 25th September 1970.

Dear —

Sub:- Proposals for the formation of Mysore Forest Corporation.

Ref:- Your personal instructions in the matter.

Dy. Secy. A&F No. 21277 28/9.

After ~~the~~ discussion in the matter with Shri. P.R.Naik, Managing Director of the Mysore Power Corporation, I have worked out the loan and interest, liabilities on the pattern suggested during the discussions. I am enclosing 3 statements worked out for interest rates at 7%, 8%, and 9%. It could be seen that we will have to raise a loan of about 8 Crores and go on paying interest and return the loan at 1/12th of it's value from the 4th year onwards. Complete repayment will be effected by 1995 when the Corporation would be in a position to save more than 2 Crores of rupees every year and would be in a position to pay to Government a royalty of 1 Crore of Rupees ~~xxxx~~ annually thereafter. I am also enclosing a Note in this connection and request you to move the Government for the appointment of a Special Officer, to attend to the preliminary work connected with the functioning of this Corporation as the matter is already delayed and I find it extremely difficult to attend to this work in addition to my current duties. Early relief is requested.

6642

Shri.G.R.Mavinkurve, B.Sc.,
A.I.F.C.,
Chief Conservator of Forests
(Dev)., Bangalore.

Yours sincerely,
Sd/- V.N.Nadgir.
CONSERVATOR OF FORESTS.

Copy along with a copy of the Note and it's enclosures submitted to:-

(1) The Secretary to Government, Agriculture and Forest Department, Vidhana Soudha, Bangalore.
(2) The Managing Director, Power Corporation, Bangalore.
(3) The Chief Conservator of Forests (General), Bangalore.

25/9

CONSERVATOR OF FORESTS.

Pl put up a draft Cabinet Note & a draft order proposing the names of Directors etc.

GS/25-9

27/10

28/9 (Tech)

28/9/70.

Please put up the file immediately

30/9/70

FA

SCARS

PROPOSALS FOR THE FORMATION OF THE MYSORE FOREST CORPORATION.

Assumptions made.

I. Raising and harvesting of Forest plantations in necessarily a long term financing project.

II. The State revenue, should not be affected by such proposals, as far as possible.

III. Financial assistance required over the long term (period) has to be secured from any financing institution, at less than 9% interest by negotiations.

PROPOSALS.

1. The State Government will transfer 20,000 acres of forest land, annually for a period of 10 years. These 2 lakh acres of forest land will be clear-felled, burnt and re-burnt by the Forest Department before handing over the same to the Corporation.

2. In addition to the above clear-felled 2 lakh acres of forest land, Government will also transfer about another 2 lakh acres of forest land along with the existing Eucalyptus plantations so far raised, (pure, mixed and trench mound plnatations) in phased programme, where Messrs. Harihar Polyfibres would be permitted to exploit and remove the Eucalyptus wood on conditions stipulated by the Government.

3. The equity share capital of the Government will be in the form of Forest land of about 4 lakh acres, valued at Rs.250/- per acre, i.e., Rs.10/- crores.

4. The Corporation will have to raise the required loan, by resorting to 12 year Debentures or other measures; to meet its operational cost of about Rs.50 lakhs, annually, for the raising and maintenance of Eucalyptus and Bamboo plantations.

5. Corporation will pay a token rent of Rs.1/- to the State Government towards the 4 lakh acres of Forest land, allowed to be used by the Corporation, over the period of 20 years. Thereafter a rental of Rs.20-25 per acre per year, shall be payable and for the remaining period a revised rental,

is payable. Rental rate is revisable once in every 3 years.

6. When the Corporation, makes profit, it shall also pay a devidend of % to the State Government after paying the Income-tax assessed as per rates.

7. The total financial assistance including the loan and interest (%) over a period of first 10 years would be Rs.15 Crores.

8. The above financial aid, is to be repaid with due interest at % from 1973-74 to 1993-94. The interest and 1/12th of the loan amounts are repayable right from the 4th year onwards.

9. During the period 2000-2001 to 2009-2010, the Corporation will not be in need of the 2 lakhs of acres of existing Eucalyptus plantations; as its III rotation would be over by 2000. Therefore, the State Government can resume 2 lakh acres and leave only the balance 2 lakh acres with the Corporation, for which, the Corporation, could then afford to pay a rental of Rs.50/- per acre per year, for 2 lakh acres, which again amounts to Rs. One crore per year. Therefore, the total rental to be paid to the State Government by the Corporation, during the period from 1990-2010 would be about Rs.25/- crores.

10. I. The State Government and the Corporation agree to the following arrangement:-

/towards

1. State Government shall transfer 4 lakh acres of Forest land to be valued at Rs.250/- per acre, thus, contributing/equit share capital, land worth of Rs.10/- crores.

2. The Corporation shall pay a token rental of Re.1/- for 4 lakh acres for the first 20 years and a minimum of Rs.20/- per acre/year; thereafter and this rate is revisable every 2 years then after.

II. (a) The interest is repayable right from the first or second year and 1/12th of the loan amounts from the 4th year onwards.

(b) The loan and the interest, would be completely repaid by about ~~1989-90~~. 1994-95

11. Calculation sheets are enclosed indicating the total requirements of loan assistance, at interst rates, 7% ; 8% and 9% and the abstract is given below.

Sl.No.	Interest Rate	Loan.	Interest	Total Assistance
~~Rental.~~	2	3	4	5
1 1620	~~1620~~ 7%	784.6	407.4	1192.00
		47.9	131.8	179.7
1480	8%	832.5	539.2	1371.70
		27.5	124.2	151.7
1400	9%	860.00	663.4	1523.40

12. If the above proposals are accepted, then it is essential to appoint one special officer, for solely for attending to the preliminary works connected with the functioning of the Forest Corporation, as it is very essential to attend to the field works like seed collection and starting nurseries and selection of areas to be planted well in advance. It is already late, if planting is to be done during 1971 rains.

GENERAL REMARKS:- Since State Government stands to earn about Rs.15 Crores as Royalty or Lease Rent for the 4 lakhs of acres transferred to the Corporation; for a period of 1971 to 2000 it is, advisable to form, this proposed Mysore Forest Corporation. It is also necessary to immediatel appoint a Special Officer, to attend to the preliminary field inspections and other obligatory items in this behalf.

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Operating deficit.	Repayments. Interest.	1/12th of loan.	Total	Total surplus.	Total deficit(-) surplus.	Cumulative loan.	Outstanding loan	
5.		6.	7.	8.	9.	10.	11.	
-40	-	-	-	-	-40 I	-40	-40	
-43	2.8	-	-2.8	-	-42.8 II	-82.8	-82.8 Loan:784.6	
-47	5.8	-	-5.8	-	-52.8 III	-135.6	-135.6 Interest:	
-47	9.5	3.3	-12.8	-	-59.8 IV	-195.4	195.4 -3.3 = 192.1	407.54
-49	13.4	6.8	-20.2	-	-69.2 V	261.3	261.3 -6.8 = 254.5	Rs.1,192.0
-53	17.8	11.2	-29.0	-	-82.0 VI	336.5	336.6 -11.2= 325.3	
-52	22.5	16.2	-38.7	-	-90.7 VII	416.0	416.0 -16.0= 400.0	
-52	28.0	22.0	-50.0	-	-102.0 VIII	502.0	502.0 -22 = 480.0	
-53	33.6	28.8	-62.4	-	-115.4 IX	595.4	595.4 -28.8 =566.6	
-54	39.6	36.3	-75.9	-	-129.9 X	696.5	696.5 -36.3 =660.2	
+101	46.2	44.8	-91.0	-	101-91= +10	660.2	660.2-10.0=650.2-44.8=605.4	
+ 93	42.3	54.4	-96.7	-	96.7+93= 3.7	605.4	605.4+3.7=609.1-54.4= 554.7	
+98	38.8	65.2	-104	-	104+98 = 6.0	554.7	554.7+6.0=560.7-65.2= 495.5	
+112	34.6	65.2	-99.8	-	112-99.8 +12.2	495.5	495.5-12.2=483.3	483.3-65.2=418.1
+114	29.2	65.2	-94.4	-	114-94.4 +19.6	418.1	418.1-19.6=398.5	398.5-65.2=333.3
+144	23.3	61.9	-85.2	-	144-85.2 +58.8	333.3	333.3-58.8=274.5	274.5-61.9=212.6
+154	14.6	58.4	73.0	-	154-73=+81	212.6	212.6-81=131.6	131.6-54.0=77.6
+148	5.4	54.0	59.4	-	148-59.4= +88.6	77.6	88.6-77.6= +11.0	
+147	-	49.0	49.0	-	147-49 = +98		98+11=109-20=89	
~~+147~~	407.4							
+147	-	43.2	43.2	-	147-43=+104		104+89=193-100=93	
+134	-	36.4	36.4	-	134-36.4= +97.6		97.6+93=190.6-100=90.6	
+119	-	28.9	28.9	-	119-29=90		90+90.6=180.6-100=80.6	
+129	-	20.4	20.4	-	129-20.4=108.6		108.6+80.6=189.2-100=89.2	
+136	-	10.8	10.8	-	136-11=125		125+89=214-160 =54	
+147	-	-	-	-	-		147+54 =201-160 =41	
+166	-	-	-	-	-		166+41 =207-160 =47	
+176	-	-	-	-	-		176+47 =223-180 =43	
+169	-	-	-	-	-		169+43 =212-180 =32	
+169	-	-	-	-	-		169+32 =201-180 =21	
+169	-	-	-	-	-		169+21 =190-180 =10	
							1620	

Loan	I	II	III	IV	V	VI	VII	VIII	IX	X	Total
Amount	40	42.8	52.8	59.8	69.2	82	90.7	102.0	115.4	129.9	
74	3.3	-	-	-	-	-	-	-	-	-	3.3
75	3.3	3.5	-	-	-	-	-	-	-	-	6.8
76	3.3	3.5	4.4	-	-	-	-	-	-	-	11.2
77	3.3	3.5	4.4	5.0	-	-	-	-	-	-	16.2
78	3.3	3.5	4.4	5.0	5.8	-	-	-	-	-	22.0
79	3.3	3.5	4.4	5.0	5.8	6.8	-	-	-	-	28.8
80	3.3	3.5	4.4	5.0	5.8	6.8	7.5	-	-	-	36.3
81	3.3	3.5	4.4	5.0	5.8	6.8	7.5	8.5	-	-	44.8
82	3.3	3.5	4.4	5.0	5.8	6.8	7.5	8.5	9.6	-	54.4
83	3.3	3.5	4.4	5.0	5.8	6.8	7.5	8.5	9.6	10.8	65.2
84	3.3	3.5	4.4	5.0	5.8	6.8	7.5	8.5	9.6	10.8	65.2
85	3.3	3.5	4.4	5.0	5.8	6.8	7.5	8.5	9.6	10.8	65.2
86	-	3.5	4.4	5.0	5.8	6.8	7.5	8.5	9.6	10.8	61.9
87	-	-	4.4	5.0	5.8	6.8	7.5	8.5	9.6	10.8	58.4
88	-	-	-	5.0	5.8	6.8	7.5	8.5	9.6	10.8	54.0
89	-	-	-	-	5.8	6.8	7.5	8.5	9.6	10.8	49.0
90	-	-	-	-	-	6.8	7.5	8.5	9.6	10.8	43.2
91	-	-	-	-	-	-	7.5	8.5	9.6	10.8	36.4
92	-	-	-	-	-	-	-	8.5	9.6	10.8	28.9
93	-	-	-	-	-	-	-	-	9.6	10.8	20.4
94	-	-	-	-	-	-	-	-	-	10.8	10.8
95											
96											

Year	Income E.Oil.	Expen-diture.	Surplus Deficit (-)	Repayment. Interest.	1/12th loan.	Total.	Total surplus or deficit.		Cumulative loan.	Outstanding loan 8%	
1.	2.	3.	4.	5.	6.	7.	8.		9.	10.	
1971	-	40	-40	-	-	-	-40.00	I	40	40.0	
72	4	47	-43	3.20	-	3.20	-46.20	II	86.20	86.2	Loan: 83,171
73	4	51	-47	6.89	-	6.89	-53.89	III	140.09	140.09	Interest:550.34
74	8	55	-47	12.60	3.3	15.9	-62.90	IV	203.00	203-3.3 = 200.	Rs.13.82.05.
75	8	57	-49	16.00	7.1	23.10	-72.10	V	272.10	272.1-701= 265.0	
76	12	65	-53	21.20	11.6	32.80	-85.80	VI	350.80	350.8-11.60= 339.2	
77	12	64	-52	27.1	16.8	43.9	-95.9	VII	435.1	435.1-16.8=418.3	
78	16	68	-52	33.4	22.8	56.20	-108.20	VIII	527.5	527.5-22.8= 504.7	
79	16	69	-53	40.37	29.9	70.2	-123.2	IX	628	628-29.9 = 598.1	
80	20	74	-54	52.8	37.9	90.7	-144.7	X	742.8	742.8-37.9 = 704.9	
81	-	-	+101	56.4	47.0	103.4-101 =	-2.4		704.9 +2.4 = 707.3-47 = 660.3		
82	-	-	+93	52.8	57.3	110.1-93 =	-17.1		660.3 + 17.1 = 674.4-57.3 = 620.1		
83	-	-	+98	49.6	69.3	118.9-98 =	-20.1		620.1 + 20.1 = 641.0-69.3 = 571.7		
84	-	-	+112	45.07	69.3	115.0-112 =	-30		571.7 + 3.0 = 574.7-69.3 = 505.4		
85	-	-	+114	40.4	69.3	109.7	114-109.7 = +4.3		505.4-4.3 = 501.1-69.3 = 431.8		
86	-	-	+144	34.5	66.0	100.5	144-100.5 = +43.5		431.8-43.5 = 388.3-66.0 = 322.3		
87	-	-	+154	25.7	62.2	87.9	154-87.9 = +66.1		322.3-66.1 = 256.2-62.2 = 194.0		
88	-	-	+148	15.5	57.7	73.2	148-73.2 = 74.8		194.0-74.8 = 119.2-57.2 = 62.0		
89	-	-	+147	5.0	52.5	57.5	147-57.5 = 89.5		89.5-62.0 = +27.5		Nil.
90	-	-	+147	-	46.5	46.5	147-46.5 = 100.5		100.5+27.5 = +128-LR 80	=	48
91	-	-	134	-	39.4	39.4	134-39.4 = 94.6		94.6+48.0 = 142.6-80	=	62.6
92	-	-	119	-	31.4	31.4	119-31.4 = 87.6		87.6+62.6 = 150.2-80	=	70.2
93	-	-	129	-	22.3	22.3	129-22.3 = 106.7		106.7+70.2 = 176.9-100	=	76.9
94	-	-	136	-	12.0	12.0	136-12 = 124		124+76 = 200-120	=	80
95	-	-	147	-	-	-	-		147+80 = 227-140	=	87
96	-	-	166	-	-	-	-		166+87 = 253-160	=	93
97	-	-	176	-	-	-	-		176+93 = 269-180	=	89
98	-	-	169	-	-	-	-		169+89 = 258-180	=	78
99	-	-	169	-	-	-	-		169+78 = 247-180	=	67
2000	-	-	169	-	-	-	-		169+67 = 236-180	=	56

Loan = Rs.832.50 lakhs.
Interest= Rs.539.20 lakhs.
Total = Rs.1371.70 lakhs.

147 P.27

Loan.	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	IX.	X.	Total.
Amounts	40	46.20	53.89	62.9	72.1	85.8	95.9	108.20	123.22	144.7	
74	3.3	3.8	-	-	-	-	-	-	-	-	3.3
75	3.3	3.8	-	-	-	-	-	-	-	-	7.1
76	3.3.	3.8	4.5	-	-	-	-	-	-	-	11.6
77	3.3	3.8	4.5	5.2	-	-	-	-	-	-	16.8
78	3.3	3.8	4.5	5.2	6.0	-	-	-	-	-	22.8
79	3.3	3.8	4.5	5.2	6.0	7.1	-	-	-	-	29.9
80	3.3	3.8	4.5	5.2	6.0	7.1	8.0	-	-	-	37.9
81	3.3	3.8	4.5	5.2	6.0	7.1	8.0	9.1	-	-	47.0
82	3.3	3.8	4.5	5.2	6.0	7.1	8.0	9.1	10.3	-	57.3
83	3.3	3.8	4.5	5.2	6.0	7.1	8.0	9.1	10.3	12.0	69.3
84	3.3	3.8	4.5	5.2	6.0	7.1	8.0	9.1	10.3	12.0	69.3
85	3.3	3.8	4.5	5.2	6.0	7.1	8.0	9.1	10.3	12.0	69.3
86	-	3.8	4.5	5.2	6.0	7.1	8.0	9.1	10.3	12.0	66.0
87	-	-	4.5	5.2	6.0	7.1	8.0	9.1	10.3	12.0	62.2
88	-	-	-	5.2	6.0	7.1	8.0	9.1	10.3	12.0	57.7
89	-	-	-	-	6.0	7.1	8.0	9.1	10.3	12.0	52.5
90	-	-	-	-	-	7.1	8.0	9.1	10.3	12.0	46.5
91	-	-	-	-	-	-	8.0	9.1	10.3	12.0	39.4
92	-	-	-	-	-	-	-	9.1	10.3	12.0	31.4
93	-	-	-	-	-	-	-	-	10.3	12.0	22.3
94	-	-	-	-	-	-	-	-	-	12.0	12.0
95	-	-	-	-	-	-	-	-	-	-	

hSgaikwad.

Operating deficit	Repayments: Interest	Repayments: 1/12th Loan.	Repayments: Total	Total surplus or deficit.		Cumulative Loan.	Outstanding Loan	9
1.	2.	3.	4.	5.		6	7	8
-40	-	-	-	-40	I	+ 40		
-43	3.6	-	3.6	-46.6	II	+ 86.6		Loan Rs.860.0 Lakhs Interest Rs.663.4 " Total Rs.1523.4 "
-47	7.8	-	7.8	-54.8	III	+141.4		
-47	12.7	3.3	16.0	-63.0	IV	+204.4	204.4-3.3 = 201.1	
-49	18.0	7.2	25.2	-74.2	V	275.3	275.3-7.2 = 268.1	
-53	24.1	11.8	35.9	-88.9	VI	357.0	357 -11.8 = 345.2	
-52	31.0	17.0	48.0	-100	VII	445.2	445.2 - 17 = 428.2	
-52	38.5	23.2	61.7	-113.7	VIII	541.9	541.9 -23.2= 518.7	
-53	46.7	30.6	77.3	-130.3	IX	649.	649 - 30.6= 618.4	
-54	55.7	38.9	94.6	148.6	X	767.	767 - 38.9= 728.1	
+101	65.5	48.4	113.9	113.9-101 = - 12.9		728.1	728.1+12.9 = 741 - 48.4 = 692.6	
+ 93	62.30	59.3	121.6	121-93 = - 28		692.6	692.6+28.0 = 720.6-59.3 = 661.3	
+ 98	59.5	71.7	131.2	131.2-98.00= - 33.2		661.3	661.3+33.2 = 694.5-71.7 = 622.8	
112	56.00	71.7	127.7	127.7-112 = -15.7		622.8	622.8+15.7 = 638.5-71.7 = 566.8	
114	57.00	71.7	128.7	128.7-114 = -14.7		566.8	566.8+14.7 = 581.5-71.7 = 509.80	
144	45.8	68.4	114.2	144-114.2 = +29.8		509.8	509.8-29.8 = 480 -68.4 = 411.6	
154	37.0	64.5	101.5	154-101.5 = +52.5		411.6	411.6-52.5 = 359.1-64.5 = 294.6	
148	23.5	59.9	83.4	148-83.4 = 64.6		294.6	294.6-64.6 = 230.0-59.9 = 170.1	
147	15.3	54.7	70.0	147-70 = 77		170.1	170.1-77 = 93.1-54.7 = 38.4	
147	3.4	48.5	51.9	147-51.9 = 95.1		38.4	+95.1-38.4 = +56.7 (Outstanding Loan repaid)	
134	-	41.1	41.1	134+56.7 = 190.7-41.1 = 149.6			150-80 = +70	
119	-	32.8	32.8	119+70 = 189 -32.8 = 156.2			156.2 - 80 = 76.2	
129	-	23.3	23.3	129+[illegible] = 205.2-23.2 = 181.9			181.9 -100 = 81.9	
136	-	12.4	12.4	136+81.9 = 217.9-12.4 = 205.5			200 - 140 = 60	
147	-	-	-	-			147+60 = 207 - 140 = 67	
166	-	-	-	-			166+67 = 233 -140 = 93	
176	-	-	-	-			176+93 = 269 -180 = 89	
169	-	-	-	-			169+89 = 258 -180 = 78	
169	-	-	-	-			169+78 = 247 -180 = 67	
169	-	-	-	-			169+67 = 236 -180 = 56	

(9%). 150 P-25

Loan.	I	II	III	IV	V	VI	VII	VIII	IX	X	9%		Total.
Amount.	40	46.6	54.8	63	74.2	88.9	100	113.7	130.3	148.6	-	-	
74	3.3	3	-	-	-	-	-	-	-	-	-	-	3.3
75	3.3	3.9	-	-	-	-	-	-	-	-	-	-	7.2
76	3.3	3.9	4.6	-	-	-	-	-	-	-	-	-	11.8
77	303	3.9	4.6	5.2	-	-	-	-	-	-	-	-	17.0
78	3.3	3.9	4.6	5.2	6.2	-	-	-	-	-	-	-	23.2
79	3.3	3.9	4.6	5.2	6.2	7.4	-	-	-	-	-	-	30.6
80	3.3	3.9	4.6	5.2	6.2	7.4	8.3	-	-	-	-	-	38.9
81	3.3	3.9	4.6	5.2	6.2	7.4	8.3	9.5	-	-	-	-	48.4
82	3.3	3.9	4.6	5.2	6.2	7.4	8.3	9.5	10.9	-	-	-	59.3
83	3.3	3.9	4.6	5.2	6.2	7.4	8.3	9.5	10.9	12.4	-	-	71.7
84	3.3	3.9	4.6	5.2	6.2	7.4	8.3	9.5	10.9	12.4	-	-	71.7
85	3.3	3.9	4.6	5.2	6.2	7.4	8.3	9.5	10.9	12.4	--	-	71.7
86	-	3.9	4.6	5.2	6.2	7.4	8.3	9.5	10.9	12.4	-	-	68.4
87	-	-	4.6	5.2	6.2	7.4	8.3	9.5	10.9	12.4	-	-	64.5
88	-	-	-	5.2	6.2	7.4	8.3	9.5	10.9	12.4	-	-	59.9
89	-	-	-	-	6.2	7.4	8.3	9.5	10.9	12.4	-	-	54.7
90	-	-	-	-	-	7.4	8.3	9.5	10.9	12.4	-	-	48.5
91	-	-	-	-	-	-	8.3	9.5	10.9	12.4	-	-	41.1
92	-	--	-	-	-	-	-	9.5	10.9	12.4	-	-	32.8
93	-	-	-	-	-	-	-	-	10.9	12.4	-	-	23.3
94	-	-	-	-	-	-	-	-	-	12.4	-	-	12.4
95	-	-	-	-	-	-	-	-	-	-	-	-	-

SL. No. 5 P. 24

Min. of St. Forests,
No. Date.
MFP (CCF) 182/70. 151

V.N.Nadgir, B.Sc.(Hons.), A.I.F.C.,
Conservator of Forests,
Working Plans & Development Circle,
Bangalore.

D.O.No.Dpt.51.PASF.127/70-71.
Encls: 3 Statements.

New Public Offices,
Bangalore, 9th September 1970.

TO

Dear

R. & L. SECTION
A.G.P.D.
No.
Date 19 SEP 1970
Checked

Sub:- Proposals for the formation of Mysore Forest Corporation.

Ref:- Your D.O.No.Bl/3/PRR/3/69-70, dated 1-9-1970.

Secretary to Govt. will take early action to finalise
16/9/70
ALUR HANUMANTHAPPA
Min. of State for

As desired by the Government, in Agriculture and Forest Department, vide their letter No.AFD-1-FAP-69, dated 29-8-1970, I had discussions with the Cost Accountant as regards working out figures on the basis, that the interest that will be paid would be 9% simple interest and allowance of ½% will be permissible if timely payments are made. During the first 3 years of the working of the Corporation, it is decided that only the interest is to be repaid and from 4th year onwards, both interest and loan amounts are to be repaid to the Finance Corporation. Because the rate of interest is changed, the figures already indicated vide Statement I, II and III enclosed with the Scheme needed revision and the same has been worked out and tabulated in the statement I, II and III now enclosed.

To avoid revised proposals the CCF (Dev) will send up after discussions with Sri PR Nayak.
19/9

On the basis of 7% simple interest it was calculated that the amount of loan to be raised during the first 13 years would be of the order of 752.73 lakhs and interest to be paid thereon, would be 176.53 lakhs, thus giving a total of Rs.929.26 lakhs. If the simple interest to be paid is 9%, the total loan requirements over the period of first 14 years would be 805.02 lakhs and the interest to be paid thereon would be 272.68 lakhs, thus giving a total liability of Rs.1,077.70 lakhs. This would mean that the Corporation will have to incur an extra expenditure of Rs.148.44 lakhs (1,077.70-929.26) i.e., nearly Rs.1.5 Crores.

If the ½% rebate on interest is availed off by timely payments, then, the loan requirements over a period of first 14 years would be 804.00 lakhs with a corresponding interest of Rs.248.36 lakhs, giving a total of Rs.1,052.36 lakhs.

Thus, it would mean that there will be a total rebate of Rs.25.34 lakhs if a concession is availed off by correct and timely repayments of loan and interest. The year-wise requirements of loan and the repayments of loan and interest are exhibited in the Statements I, II and III enclosed.

The Representatives of the Agricultural Finance Corporation have not yet arrived for discussions on the proposed Scheme, as suggested by the Managing Director in his letter dated 25-8-1970. On their arrival, the details will be discussed and a further report will follow. In the mean time, it is brought to the notice of the concerned authorities, that the extra burdon that the Corporation will have to bear on account of increased rate of interest at 9%, would be Rs.1.5 Crores with a reduction of Rs.25 lakhs if half percent rebate is made use of. This is for your kind information.

Yours sincerely,

Sd/- V.N.Nadgir.
CONSERVATOR OF FORESTS.

Shri.Y.M.L.Sharma, M.Sc., A.I.F.C.,
Chief Conservator of Forests
in Mysore, Bangalore.

Copy submitted to the Chief Conservator of Forests (Development), Bangalore, for favour of information.

Copy submitted to the Secretary, Agriculture and Forest Department, with reference to his No.AFD-6450-FA-70, dated 26-8-1970.

Copy together with copies of Statement No.I, II and III transmitted to Shri.N.Venkoba Rao, B.A., B.L., Private Secretary to the Hon'ble Minister of State for Forests, Vidhana Soudha, Bangalore, for favour of information.

10/9/70

CONSERVATOR OF FORESTS.

GS/9-9'

STATEMENT NO.I.

Year.	Revenue.	Expenditure.	Amount of loan required.	Cumulative or total loan amount outstanding.	Interest on loan outstanding at 9%.	Amount available after meeting interest on amount borrowed.	Repayment of loan.	Loan amount outstanding at the end of year after repayment.	Surplus.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1970-71.	36.00	41.86	41.86	41.86	3.77	32.23	-	41.86	-
1971-72.	40.00	48.68	16.45	58.31	5.25	34.71	-	58.31	-
1972-73	40.00	55.03	20.32	78.63	7.08	32.92	-	78.63	-
1973-74	44.00	58.15	25.23	103.86	9.31	34.69	34.69	69.17	-
1974-75	44.00	63.47	63.47	132.64	11.94	32.06	32.06	100.58	-
1975-76	48.00	70.84	70.84	171.42	15.43	32.57	32.57	138.85	-
1976-77	48.00	71.91	71.91	210.76	18.97	29.03	29.03	181.73	-
1977-78	52.00	76.13	76.13	257.86	23.21	28.79	28.79	229.07	-
1978-79	52-00	79.30	79.30	308.37	27.75	24.25	24.25	284.12	-
1979-80	56.00	84.82	84.82	368.94	33.21	22.79	22.79	346.15	-
1980-81	152.00	58.75	58.75	404.90	36.41	115.59	115.59	289.31	-
1981-82	152.00	50.56	50.56	339.87	30.59	121.41	121.41	218.46	-
1982-83	152.00	48.46	48.46	266.92	24.03	127.97	127.97	138.95	-
1983-84	152-00	48.46	48.46	187.41	16.87	135.13	135.13	52.28	-
1984-85	152.00	48.46	48.46	100.74	9.06	142.94	100.74	-	42.20
1985-86	185.00	49.51.	-	-	-	-	-	-	145.49
1986-87	185.00	48.46	-	-	-	-	-	-	136.54
1987-88	185.00	48.46	-	-	-	-	-	-	136.54
1988-89	185.00	48.46	-	-	-	-	-	-	136.54
1989-90.	185.00	48.46	-	-	-	-	-	-	136.54

Year.	Revenue.	Expenditure.	Amount of loan required.	Cumulative or total amount of loan.	Interest on loan at 8½ (9% less ½% rebate).	Amount available after meeting interest on loan.	Repayment of loan.	Loan amount outstanding at the end of year after repayment.	Surplus.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1970-71	36-00	41.86	41.86	41.86	3.55	32.45	-	41.86	-
1971-72	40-00	48.68	16.23	58.09	4.94	35.06	-	58.09	-
1972-73	40-00	55.03	19.97	78.06	6.63	33.37	-	78.06	-
1973-74	44.00	58.15	24.78	102.84	8.74	35.26	35.26	67.58	-
1974-75	44.00	63.47	63.47	131.05	11.14	32.86	32.86	98.19	-
1975-76	48.00	70.84	70.84	169.03	14.36	33.64	33.64	135.39	-
1976-77	48.00	71.91	71.91	207.30	17.62	30.38	30.38	176.92	-
1977-78	52.00	76.13	76.13	253.05	21.51	30.49	30.49	222.56	-
1978-79	52.00	79.30	79.30	301.86	25.64	26.36	26.36	275.50	-
1979-80	56-00	84.82	84.82	360.32	30.87	25.13	25.13	335.19	-
1980-81	152-00	58.75	58.75	393-94	33.49	118.57	118.57	275.37	-
1981-82	152.00	50.56	50.56	325.93	27.70	124.30	124.30	201.63	-
1982-83	152.00	48.46	48.46	250.09	21.25	130.77	130.77	119.32	-
1983-84	152.00	48.46	48.46	167.78	14.27	137.73	137.73	30.05	-
1984-85	152.00	48.46	48.46	78.51	6.67	145.33	78.51	-	66.82
1985-86	185.00	49.51	-	-	-	-	-	-	135.49
1986-87	185.00	48.46	-	-	-	-	-	-	136.54
1987-88	185.00	48.46	-	-	-	-	-	-	136.54
1988-89	185.00	48.46	-	-	-	-	-	-	136.54
1989-90	185.00	48.46	-	-	-	-	-	-	136.54.

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1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1990-91.	258.00.	49.51.	-	-	-	-	-	-	208.49.
1992-92.	258.00	48.46	-	-	-	-	-	-	209.54
1992-93.	258.00	48.46	-	-	-	-	-	-	209.54.
1993-94.	258.00	48.46	-	-	-	-	-	-	209.54
1994-95	258.00	48.46	-	-	-	-	-	-	209.54
1995-96	258.00	49.51.	-	-	-	-	-	-	208.49
1996-97	258.00	48.46	-	-	-	-	-	-	209.54
1997-98	258.00	48.46	-	-	-	-	-	-	209.54
1998-99	258.00	48.46	-	-	-	-	-	-	209.54
1999-2000	258.00	48.46	-	-	-	-	-	-	209.54
	4725.00	1634.93	795.02	3028.48	922.00	997.04			2827.15

08/8-9'

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1990-91.	258-00.	49.51.	-	-	-	-	-	-	208.49.
1991-92	258.00	48.46.	-	-	-	-	-	-	209.54.
1992-93	258.00	48.46	-	-	-	-	-	-	209.54
1993-94	258.00	48.46	-	-	-	-	-	-	209.54
1994-95	258.00	48.46	-	-	-	-	-	-	209.54
1995-96	258.00	49.51	-	-	-	-	-	-	208.49
1996-97	258.00	48.46	-	-	-	-	-	-	209.54
1997-98	258.00	48.46	-	-	-	-	-	-	209.54
1998-99	258.00	48.46	-	-	-	-	-	-	209.54
1999-2000	258.00	48.46	-	-	-	-	-	-	209.54
	~~4725.00~~	~~1634.93~~	~~705.02~~	~~3022.44~~	~~978.07~~	~~957.07~~			~~2527.15~~

03/8-9'

STATEMENT NO.III

Year.	Amount of loan in Lakhs.	Cumulative loan in lakhs.	Amount of interest at 9%.	Year.	Amount of loan in lakhs.	Cumulative loan in lakhs.	Amount of interest at 8½%.
1.	2.	3.	4.	5.	6.	7.	8.
1970-71.	41.86	41.86	3.77	1970-71	41.86	41.86	3.55
1971-72.	16.45	58.31	5.25	1971-72	16.23	58.09	4.94
1972-73	20.32	78.63	7.08	1972-73	19.97	78.06	6.63
1973-74	25.23	103.86	9.31	1973-74	24.78	102.84	8.74
1974-75	63.47	132.64	11.94	1974-75	63.47	131.05	11.14
1975-76	70.84	171.42	15.43	1975-76	70.84	169.03	14.36
1976-77	71.91	210.76	18.97	1976-77	71.91	207.30	17.62
1977-78	76.13	257.86	23.21	1977-78	76.13	253.05	21.51
1978-79	79.30	308-37	27.75	1978-79	79.30	301.86	25.64
1979-80	84.82	368.94	33.21	1979-80	84.82	360-32	30.87
1980-81	58.75	404.90	36.41	1980-81	58.75	393.94	33.49
1981-82	50.56	339.87	30.59	1981-82	50.56	325.93	27.70
1982-83	48.46	266.92	24.03	1982-83	48.46	250.09	21.23
1983-84	48.46	187.41	16.87	1983-84	48.46	167.78	14.27
1984-85	48.46	100.74	9.06	1984-85	48.46	78.51	6.67
	805.02		272.68		804.00		248.36

		7%.	8½%	9%	
Amount of loan.		752.73	804.00	805.02	
Interest.		176.53	248.36	272.68	
Total.	Rs.	929.26	1052.36	1077.70	Contd.
			- 929.26	- 929.26	-123.10
	Rs.		+ 123.10	+ 148.44	+ 25.34.

Sl. No. 4 P.17 158
AFD 5606 FA 70
24/7/70.

No.Dpt.51.PASF.127/69-70.

Office of the
Conservator of Forests, Working Plans
and Development Circle, Bangalore,
Dated: 20th July, 1970.
22nd

To

The Secretary to the Government,
Agriculture & Forest Department,
Bangalore.

Sir,

Subject:- Formation of the
Mysore Forest Corporation.

As instructed by you during the meeting held in your Chambers on 7-7-1970, draft proposals are formulated for the scheme to raise 20,000 acres of Eucalyptus and Bamboo plantations annually, during the next ten years, by the proposed Mysore Forest Corporation. A further revised detailed scheme is drawn up and enclosed, as desired by the Development Commissioner during his discussions on 17-7-1970 held in his chambers.

2. The Corporation will have to be got registered as a "Private Company" under Companies Act 1956, and will have its registered head office at Bangalore.

3. The Corporation shall obtain the amounts, either from the Agricultural Finance Corporation or the Banks required for its expenditure for the years 1970-71 to 1984-85, the total borrowing being Rs.5.8 crores.

4. Interest is payable right from the first year at 7% (simple interest) annually, till 1984-85, the total interest to be so paid being Rs.1.92 crores. From 1985-86 onwards, the Corporation will be making a net profit of Rs.1.00 crore. Out of this surplus, about Rs.50,00,000 are proposed to be set apart annually for the development of degraded forests, where economically important species would be raised.

p.2.

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5. The affairs of the Corporation will be managed by a Board of Directors, made up as follows:-

1. The Hon'ble Minister for Forests	..	Chairman.
2. The Development Commissioner	..	Vice-Chairman.
3. Special Officer of the Status of a Chief Conservator of Forests.	..	Managing Director.
4. Chief Conservator of Forests (General).	..	Director.
5. Chief Conservator of Forests, (Development).	..	Director.
6. Secretary to Government, Agriculture & Forest Department.	..	Director.
7. Secretary to Government, Finance Department.	..	Director.
8. Secretary to Government, Industries & Commerce Department	..	Director.
9. A leading member of the Forest based Industry (viz., Pulp, Paper and Rayon).	..	Director.
10. One member of Legislative Assembly	..	Director.
11. One member of Legislative Council	..	Director.
12. An Officer of the status of a Divisional Forest Officer.	..	Secretary.

6. In order to attend to the preliminary work involved in finalising, the memorandum of association and getting the Corporation Registered and to attend to all other activities incidental to the formation and fixing of the Corporation, I request that Government may be moved to create immediately the post of a Special Officer of the status of a Conservator of Forests, (which post will subsequently merge with that of the General Manager of the Corporation) in the I.F.S. grade of Rs.1300-50-1800, with one Stenographer on Rs.130-5-150-8-190-EB-10-260-15-290 (plus special pay of Rs.30/-) for a period of 6 months or untill the Corporation is formed, whichever is earlier.

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Some of the important items of works which this Special Officer (Conservator of Forests) has to attend, on priority, are mentioned below:-

(1) Drawing up of Memorandum and Articles of the Company, in consultation with Messrs. Agro Industries Corporation, Bangalore.

(2) Preliminaries leading to the Registration of "Mysore Forest Corporation" as a Private Company under the Companies Act 1956, in consultation with the Department concerned.

(3) To negotiate with the Agricultural Finance Corporation, Bombay or any other Bank, and to secure the required loans on a convenient rate of interest, terms and conditions, on behalf of the Corporation.

(4) To inspect the Eucalyptus plantations which are raised by the Forest Department from 1961-62 to 1969-70, through out the State and to prepare a scheme for their exploitation and supplies to Harihar Polyfibres, as per G.O.AFD-19-FDP-69, dated 4-12-1969.

(5) To perambulate and inspect the forests lying in the proposed 40"-80" rain fall belt, lying in various Districts; and to write a detailed scheme for the planting of 20,000 acres annually, which are to be clearfelled and handed over by the Forest Department to the Corporation. The jurisdiction of each of 4 units and the Head quarters for the Divisional Forest Officers, Range Forest Officers and Foresters have to be fixed in consultation with the territorial Divisional Forest Officers of the Forest Department.

(6) To prepare a sequence of fellings at the rate of 20,000 acres per year of forest areas falling in the proposed rainfall zone of 40" to 80", for a period of 10 years, from 1970-71 to 1979-80. Such a list has to be supplied to all the concerned Conservators of Forests and Divisional Forest Officers of the Forest Department, with necessary instructions from the Government as regards, timely clearance of such areas and handing over the same to the Corporation Unit Officers, as per schedule to be drawn in this behalf.

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(6a.) To perambulate the degraded forests, which fall in the area of the proposed Corporation, and to prepare schemes for their improvements, at the rate of atleast 20,000 acres per year, estimated to cost about Rs.50,00,000/-. The estimated expenditure of Rs.250/- per acre should include intensive works on soil and moisture conservation and plantations of economically important species like Sandal, Hunse, Honge, Mango, Ippe, Bevu etc.

(7) To arrange for the collection and storage of adequate quantities of seeds of Eucalyptus grandis, Eucalyptus citriodora and Eucalyptus hybrid and Bamboos, for sowing and raising nursery stock, well in advance of the ensuing planting season of 1971.

(8) Selection of suitable sites for opening Central nurseries and to arrange for the transfer of the proposed sites, including, existing and established nurseries, if any - which are found more convenient for the Corporation, to manage.

(9) To organise permanent labour forces, in all units, for executing works connected with nurseries, seed collection, watering, planting, weeding, tending, harvesting and other allied operations.

(10) In general, to see that the Corporation would start functioning at Headquarters in Bangalore with effect from 1-1-1971 and to take up plantation works, atleast from 1971 rains.

Further, it shall be necessary for this Special Officer to secure the services of one full time Economist, well versed in modern concept and method of capital formation, during the process of the functioning of the Corporation. Since these development activities will be undertaken, mostly in under developed rural areas, and permanent forest labour forces are also to be organised, it would be very useful if such an economist is also an expert in Rural Economic Development. If necessary, this person who is specialised in this field can be absorbed by the Corporation, as it's

Economic Adviser. The Special Officer, will be very much benefitted in his assignment now given, if he is assisted by such an economic~~al~~ expert also right from the initial stages. ~~also.~~ Hence it is recommended that, the Special Officer be assisted by an Economist in his preliminary works of drafting of Memorandum and Article of Association, Registration and initiation of the proposed "Mysore Forest Corporation."

7. The recurring expenditure on this for 6 months will be (i) Rs.17,660/- by way of pay of Officers and specialists and (ii) Rs.9,340/- by way of T.A. etc., plus other charges. Sanction may also be accorded for a preliminary expenditure of (iii) Rs.53,000/- to be incurred for registering the Corporation, under the Companies Act, as per details indicated below:

Registration Fees.	Rs.50,000/-
Fees to be paid while filing documents.	Rs. 300/-
Court Fee stamps.	Rs. 500/-
Printing Charges.	Rs. 600/-
Scrutiny of documents by chartered Accountant.	Rs. 1,000/-
Miscellaneous expenditure.	Rs. 600/-
	Rs.53,000/-

Total amount to be sanctioned at present is:

(i) Pay of Officers, including remuneration to the Economic Adviser.	Rs.17,660/-
(ii) T.A. etc., other charges.	Rs. 9,340/-
(iii) Registration fees etc.	Rs.53,000/-
Total.	Rs.80,000/-

163 P.12

8. This expenditure may be debited to a new head of account to be opened under "70-Forest-b-Conservancy and Works - f- Development Schemes - C.Forest Organisation of Mysore State Forest Corporation" and would be reimbursed to Government by the Corporation if the Government so desires.

Further orders and instructions are awaited.

Yours faithfully,

(V. N. Nadgir). 20/7
Conservator of Forests,
Working Plans & Development Circle
Bangalore.

Enclosures:-
Pages 1 to 12.

Copy submitted for favour of information to the Chief Conservators of Forests (1) General (2) Development, for favour of information.

Copy submitted to the Development Commissioner, Government of Mysore. This has reference to his personal instructions issued on this subject on 17-7-1970 in his chambers. The detailed Project Report is enclosed in Quadruplicate, for taking necessary further action in this connection.

GS/20-7'

G.V.K.Rao,

Sl. No. 3 16H P. 11

5

XXXXX XXXXXXX X August 10, 70

AFD 1 FAP 69
Encl. 2 copies.

My dear Rudramoorthy,

In the light of the discussions which you had with our officers on the 31st July 1970, revised proposals for the formation of the Mysore Forest Corporation have been framed. I enclose herewith two copies of the revised proposals.

We are most anxious to push through the idea of constituting the Corporation, and going ahead with the work of planting fast growing species.

Will you kindly send your technician and the Cost Accountant to Bangalore, so that the matter could be discussed in detail and finalised quickly?

Yours sincerely,

Shri B. Rudramoorthy,
Managing Director,
Agricultural Finance Corporation,
Stadium House, Block-2, 6th Floor,
81-83, Veer Nariman Road,
BOMBAY-20.

Secy, A&F, may pl. see and issue.

Secy, A&F.

Please issue
11/8/70.

Sl. No. 2 165 P. 10

Y.M.L.Sharma, M.Sc. A.I.F.C.
Chief Conservator of Forests.

New Public Offices,
Bangalore-1.
Dated: 8/8/1970.

D.O.No. B1/3/PRR/3/69-70
Encls: 5 sets.

Dear Sri Rao,

Sub: Proposals for the formation of the Mysore Forest Corporation.

I enclose herewith 5 (five) sets of the proposals for the formation of the Mysore Forest Corporation, revised on the lines of the discussions we had with Shri Rudramurthy, Managing Director, Agricultural Finance Corporation in your chambers on the 30th July 1970. I also enclose herewith the letter from Shri V.N.Nadgir, Conservator of Forests, Working Plans and Development Circle, Bangalore, who has revised the proposals in consultation with me. In view of what is stated in detail in the letter of Shri Nadgir, which I agree, I request you to forward the proposals immediately to Shri Rudramurthy ~~and also~~ with a request to depute his technician and cost-accountant by about the 17th so that detailed discussions may be had at Bangalore with those people.

With regards,

Yours Sincerely
Y.M.L. Sharma
8/8/70.

10/8/70

Shri G.V.K.Rao, I.A.S.
Development Commissioner,
Vidhana Soudha, Bangalore-1.

Sec A&F

Secy., A. & F.
No. 5345
Date 11/8/70.

Dy. Secy., A&F
No. 1614
11/8

11/8/70

Dev. Comr. & Spl. Secy
No. 3427
10.8.70.

166 p.9

No.Dpt.51-PASE-127/1969-70.
Enc: 10 sets.

Office of the
Conservator of Forests, Working
Plans & Development Circle,
Bangalore, 7th August, 1970.

To

The Chief Conservator of Forests
(General) Bangalore.

Sir,

Sub:- Proposals for the formation of the Mysore Forest Corporation.

Ref:- (i) This office even No. dated 23-7-1970 addressed to the Secretary to the Government, A&FD, and copied to the CCF(General) and CCF(Development) and the Development Commissioner.

(ii) Discussions that took place in the Development Commissioner's chambers on 30-7-1970 on this subject.

(iii) Discussions held in the Chief Minister's chambers and Forest Minister's chambers on 1-8-1970 on this subject.

My further report in this connection is as under:-

The main objections of Shri.Rudramurthy, Managing Director, Agricultural Finance Corporation, Bombay in accepting our Scheme finally were put forth as under, during the discussions:

(1) The cost on the establishment should not exceed 8% of the total expenditure, to be incurred by the Corporation.

(2) Subsidiary revenue yielding items like distillation of Eucalyptus Citriodora oil from leaves should also be taken up by the Corporation

(3) There should be adequate provision for protecting such large scale Eucalyptus and Bamboo plantations, against Fire damages etc. Effective fire-fighting measures should be adopted.

(4) Provision upto 5% should also be made, on the expenditure, side, for the unforseen items, like drought, fire damage, labour scarcity and other likely inflationary tendencies.

(5) Government should fix up a reasonable lease rent or value for the forest land of 4.12 lakh acres, which is to be transferred to the Corporation.

If these observations are attended to and are included in the modified proposals, then, he would be in a position to get the figures examined by deputing his Cost Accountant, prior to putting up the scheme before the Board, for the grant of Loan Assistance, on easy terms. He has agreed with the present proposals, in general, for the formation of a Forest Corporation, with the specified objective of producing pulp-wood Raw-materials for the Paper and Rayon Industries, in this State.

Now, I have attended to these observations and have worked out, once again, revised proposals, duly incorporating and making provision for the items suggested during the discussions held on 31st July and 1st August 1970.

In respect of item No.1, the cost on the Establishment has been brought down from Rs.5.86 lakhs to Rs.4.96 lakhs, by reducing the No. of field units from four to three. This reduction, necessitates the raising and looking after of 6-7000 acres Eucalyptus plantations annually by each field unit, instead of the 5000 acres, originally planned. Now, with these revised proposals, the cost on establishment works out to 7.6% of the total expenditure, during the first rotation of ten years.

In respect of suggestion No.2, provision has been made to raise, 5000 acres of Eucalyptus-citriodora plantations, annually for a period of 10 years. Every year Citriodora oil is to be distilled by spending Rs.40/- per acre and getting a return of Rs.80/- per acre. When 50,000 acres are planted with this species, every year, 25,000 acres are to be worked for distilling this essential oil, which will fetch a net profit of Rs.10/- lakhs per year.

All Eucalyptus plantations are very fire tender, and need to be rigidly protected against damages, by fire, cattle and theft. Fire patrols and Mobile squads are suggested to secure best results. Watch and ward has been provided for both the existing plantations (2,12,000 acres) and the plantations to be raised by the Corporation (2,00,000 acres). From the year 1980-81 and onwards, the annual cost on fire protection, watch and ward alone would be Rs.12.20 lakhs. Apart from this capital expenditure of about Rs.4.00 lakhs for the purchase of firefighting equipment and vehicles, also been provided.

168 P.7

It is true, that in certain years, either due to scarcity of rains or drought conditions, coupled with labour shortage and higher wages, the total expenses on formation and maintenance would be higher. It is difficult to assess the inflationary tendencies correctly and to cover all such unforseen items of excess and unavoidable expenditures, a provision of 5% has been made in the total expenditure forecasts. This meets the requirements of suggestions made at item (4) above.

Now as regards item No.(5) above, Government have to fix a reasonable annual lease rent per acre for the land transferred to the Corporation or to evaluate the land so transferred on a nominal rate, so that it's value could be reckoned as part of Government's contribution to the share capital of the Corporation.

It is better to charge Rs.5/- per acre per year as lease rent for all the 4,00,000 acres, as out right sale of vast stretches of Government land to private organisations may not be desirable, under the present circumstances. However, clear instructions on this aspect are necessary and the same may please be issued early.

Now I am enclosing 10 sets of the Revised proposals, for your perusal, approval and taking necessary further action. The salient features of these proposals are enumerated below for quick reference:

1. The main object of the Corporation, is to raise 2.00 lakhs acres of plantations of fast growing species like Eucalyptus and Bamboos, at the rate of 20,000 acres per year, for the next 10 years.

2. The existing Eucalyptus Plantations, raised by the Forest Department over an extent of 2.12 lakh acres, with a potential of 24.00 lakh tons, are also to be transferred to the Corporation.

3. It is proposed to distill Eucalyptus Citriodora Oil from the leaves, over an area of 50,000 acres of Eucalyptus Citriodora Plantations, to be raised over a period of 10 years, at the rate of 5,000 acres per year. The net Revenue from this source alone, would be Rs.10.00 lakhs per year during 1981 andonwards.

169 P.6

4. To retain 20 standards per acre at the time of clear-felling (once after every ten years) which, would serve as seed bearers and in addition, they could be supplied to M.S.E.B, as transmission poles. The annual revenue from this source during 1991 and onwards, would be Rs.40.00 lakhs.

5. The yield of pulp-wood, which is estimated at a minimum rate of 20 tons per acre, is to be supplied to Messrs. Harihar Poly-Fibres, as per Government Orders dated 4-12-1969 and the annual Revenue for the first ten years, from this source, would be Rs.36.00 lakhs. The quantity of Raw-materials, that could be supplied annually during 1980-81 andonwards would be 5.50 lakh tons.

6. Government contribution to the share-capital of the Corporation, would be Rs.412.00 lakhs at a flat rate of Rs.100/- per acre of land, transferred to the Corporation. This is in addition to the value of the standing tree growth on the 2.12 lakh acres plantation proposed for transfer to Corporation and the total value amounts to Rs.17.17 crores.

7. The total out-lay on the proposed project, works out to Rs.66.00 crores.

8. Total amount proposed to be raised as loan from any Financing Agency is Rs.7.53 crores over a period of 14 years from 1970.

9. Simple interest at 7% on this loan is payable right from the first year and the total interest to be paid would amount to Rs.1.76 crores (over a period of 14 years).

10. The above entire amounts of loan and interest, would be repaid over a period of 14 years, ending in 1983-84.

11. The net profits accruing to the Corporation during the period 1984-85 to 1999-2000 is Rs.29.33 crores, with an additional surplus of Rs.18.17 crores, during the period 2001 to 2010.

12. When the Corporation earns profits, it could plough back 25% of the profits, in the development of degraded forests, specially where trench-mound plantations are transferred to the Corporation, resulting in all round improvements of the growing stock and site quality.

170 P.5

The copies now sent may please be distributed as indicated below, from your end after doing needful - on suggestion No.5 of the Agricultural Finance Corporation's Managing Director as regards fixing a reasonable land lease rent.

1. Development Commissioner.	5 sets.
2. Secretary, Agriculture and Forest Department.	5 sets.
	(10) (12) sets.

Yours faithfully,

Enclosure 10 Sets

(V.N. Nadgir).
Conservator of Forests,
Working Plans & Development Circle,
Bangalore.

Advance copy submitted to the Secretary to Government, Agriculture and Forest Department, along with one set for favour of information.

Advance copy submitted to the Chief Conservator of Forests (Development) with 3 sets, for necessary action.

Copy transmitted to Shri.N.Venkoba Rao, Private Secretary to the Hon'ble Minister for Forests, for placing a copy before the Hon'ble Minister.

GS/7-8'

Sl. No. 1

171 P.4

AFD 6034 FA 70
10/8/70

(MYSORE FOREST DEPARTMENT)

No. B1/3/PRR/3/69-70.

CHIEF CONSERVATOR'S OFFICE:
Bangalore, dated, 3rd August, 1970.

To

The Secretary to Government,
Agriculture and Forest Department,
BANGALORE.

Sir,

Sub:-Formation of the Mysore Forest Corporation
Appointment of Special Officer of the Status
of a Conservator of Forests.

--

I invite your kind reference to the letter No.DPT/1/PASF/127/69-70, dated 23-7-70, of the Conservator of Forests Working Plans and Development Circle, Bangalore, enclosing the draft proposals formulated for raising 20,000 acres of Eucalyptus and Bamboo Plantations annually, during the next ten years, by the proposed Mysore Forest Corporation.

5093/FB/70.

Considerable initial spade work has to be carried out towards formation of the Forest Corporation. As you are aware, this subject came up for discussion in the Chambers of the Chief Minister, on the 1st instant. I have discussed the matter of appointment of a Special Officer of the status of a Conservator of Forests immediately with the Hon'ble Minister for Forests. The important items of work which the Special Officer has to attend on priority basis are enumerated as follows :-

FA) h 6020

(1) Drawing up of Memorandum and Articles of the Company, in consultation with Messrs Agro Industries Corporation, Bangalore.

(2) Preliminaries leading to the Registration of "Mysore Forest Corporation" as a Private Company under the Companies Act 1956 in consultation with the Department concerned.

6/8/70

(3) To negotiate with the Agricultural Finance Corporation, Bombay or any other Bank and to secure the required loans on a convenient rate of interest, terms and conditions, on behalf of the Corporation.

(4) To inspect the Eucalyptus Plantations raised by the Forest Department from 1961-62 to 1969-70 in the State and prepare a scheme for their systematic exploitation and supply to Harihar Polyfibres, as per Government Order No. AFD 19 FDP 69 dated 4-12-1969 .

P/2...

(5) To perambulate and inspect the Forests in various Districts and prepare a scheme for the 20,000 acres annually, to be clearfelled and handed over by the Forest Department to the Corporation and for its planting. The jurisdiction of each of 3 Units and the Head Quarters for the Divisional Forest Officers, Range Forest Officers and Foresters have to be fixed in consultation with the territorial Divisional Forest Officers of the Forest Department.

(6) To prepare a sequence of fellings at the rate of 20,000 acres per year of Forest areas, for a period of 10 years, from 1970-71 to 1979-80, and supply the list to all the concerned Conservators of Forests and Divisional Forest Officers of the Forest Department, with instructions for timely clearance of such areas and handing over the same to the Corporation Unit Officers as per Schedule to be drawn in this behalf.

(6)a.) To perambulate the degraded forests, which fall in the area of the proposed Corporation, and to prepare Scheme for their improvement, at the rate of at least 20,000 acres per year, estimated to cost about Rs.50,00,000/-. The estimated expenditure of Rs.250/- per acre should include intensive works on soil and moisture conservation and plantations of economically important species like Sandal, Hunse, Honge, Mango, Ippe, Bevu etc.

(7) To arrange for the collection and stonage of adequate quantities of seeds of Eucalyptus grandis, Eucalyptus - citriodora and Eucalyptus hybrid and Bamboos for sowing and raising nursery stock, well in advance of the planting in the 1971 rains.

(8) Selection and taking over of suitable Sites and Nurseries from the divisions and to select new nursery sites if any and their planning.

(9) To organise permanent labour force, in all Units, for executing works connected with nurseries, seed collection, watering, planting, weeding, tending, harvesting and other allied operations.

(10) In general, to see that the Corporation starts functioning with Head Quarters in Bangalore with effect from 1-1-1971 and to take up Plantation works, atleast from 1971 rains.

The financial commitment in this connection is a[illegible] indicated in Para (7) of the Conservator's report which [illegible] to Rs.80,000/-.

I, therefore, request you to obtain orders of [illegible] Government for the sanction of the post of Special Offi[illegible] of the status of the Conservator of Forests, immediately [illegible] attendant staff as per the proposals. The amount of Rs.80[illegible] will be met out of the sanctioned budget grants under pl[illegible]tions of quick growing species. If the Government desire[illegible] the money has to be reimbursed by the Corporation, it wi[illegible] done so, in due course.

Yours faithfully,

CHIEF CONSERVATOR OF FORESTS.

173 P.2

SALIENT FEATURES OF THE PROPOSALS FOR THE FORMATION OF "THE MYSORE FOREST CORPORATION"

- - - - -

1. The main object of the Corporation, is to raise 2.00 lakhs acres of plantations of fast growing species like Eucalyptus and Bamboos- at the rate of 20,000 acres per year, for the next 10 years.

2. The existing Eucalyptus Plantations, raised by the Forest Department over an extent of 2.12 lakh acres, with a potential of 24.00 lakh tons, are also to be transferred to the Corporation.

3. It is proposed to distill Eucalyptus Citriodora Oil from the leaves; over an area of 50,000 acres of Eucalyptus Citriodora Plantations; to be raised, over a period of 10 years, at the rate of 5,000 acres per year. The net Revenue from this source alone, would be Rs.10.00 lakhs per year during 1981 and onwards.

4. To retain 20 standards per acre at the time of clear-felling (once after every ten years) which, would serve as seed bearers and in addition, they could be supplied to M.S.E.B., as transmission poles. The annual revenue from this source during 1991 and onwards, would be Rs.40.00 lakhs.

5. The yield of pulp-wood, which is estimated at a minimum rate of 20 tons per acre, is to be supplied M/S.Harihar Poly-Fibres, as per Government Orders dated:4-12-1969 and the annual Revenue for the first ten years, from this source, would be Rs.36.00 lakhs. The quantity of Raw-materials, that could be supplied annually during 1980-81 and onwards would be 5.50 lakh tons.

6. Government contribution to the share-capital of the Corporation, would be Rs.412.00 lakhs at a flat rate of Rs.100/- per acre of land, transferred to the Corporation. This is in addition to the value of the standing tree growth on the 2.12 lakh acres plantation proposed for transfer to Corporation and the total value amounts to Rs.17.17 crores.

7. The total out-lay on the proposed project, works-out to Rs.66.00 crores.

8. Total amount proposed to be raised as loan from any Financing Agency is Rs.7.53 crores over a period of 14 years from 1970.

9. Simple interest at 7% on this loan is payable right from the first year and the total interest to be paid would amount to Rs.1.76 crores(over a period of 14 years).

10. The above entire amounts of loan and interest, would be repaid over a period of 14 years, ending in 1983-84.

11. The net profits accuring to the Corporation during the period 1984-85 to 1999-2000 is Rs.29.33 crores, with an additional surplus of Rs.18.17 crores, during the period 2001 to 2010.

12. When the Corporation earns profits, it could plough back 25% of the profits, in the development of de-graded forests, specially wher trench-mound plantations are transferred to the Corporation, resulting in all round improvements of the gorwing stock and site quality.

BSV.7-8'

A brief note on the upto date developments regarding the formation of the Forest Corporation to be set-up by the Government of Mysore.

- - - - -

It will be recalled that a special financing Scheme in order to ensure uninterrupted programme of work connecte with the afforestation of fast growing species required for the various wood based industries of the State, is under active consideration of the Government consequent on the discontinuance of the Central Government Financial Assistance so far being made by the Planning Commission. Negotiations are going on between the Government of Mysore and the Agricultural Finance Corporation in order to explore the possibilites of obtaining financial assistance on a long term basis on mutually agreeable reasonable terms and conditions.

So far two or three project reports have been got done by the Forest Department, which have been critically examined by the Agricultural Finance Corporation from time to time and recently Shri.K.Rangarajan, the Cost Accountant of the Agricultural Finance Corporation visited Bangalore during the last week of October, 1970 and after a thorough discussion with the concerned officers and detailed examination of the latest project peport put forth certain proposals for further action is being taken to incorporate them in consultation with Shri.P.R.Nayak, I.A.S., Managing Director of the Mysore State Power Corporation.

In this connection the following important points deserve consideration, in the light of the proposals made by the Cost Accountant of the Agricultural Finance Corporation.

Continued on page No.2.

175

(a) Equity Share Capital:-

It is proposed to offer the approximate area of 2 lakhs acres of the future potential plantation areas, valued at Rs.2 crores as the ~~xxx~~ equity share capital of the Government for the proposed Corporation, calculated at the rate of Rs.100/ per acre of these future potential Plantation areas. The present valuation of these areas at Rs.10/- per acre is subject to re-valuation in the upward direction, in case the total amount of the loan to be got from the Agricultural Finance Corporation, requires a proportionately higher base of equity share capital. (Note:-It is learnt that for any project capable of giving a quick return, the maximum amount of loan tenable would be double the equity share capital and this will have to be modified in a long term proposition where a quick return will not be possible, since Forest Plantations are not comparable to the other Agricultural projects. Even considering that the present Corporation under contemplation, involves an investment of Rs.10-84 crores on the loan and Rs.5.95 crores on the 2nd loan for the repayment of the interest on the loan, both put to-gether amounting to Rs.16.79 crores, there must be provision for enhancement of the equity share capital on 2 lakhs acres of potential plantations areas from Rs.2 crores to Rs.4 crores, by merely an upward revaluation of the value of the land from the present basis of Rs.100/- per acre to Rs.200/- per acre. Even this upward revaluation will be both rational, reasonable and valid, considering the present market rate of land of these heavy rainfall future plantation areas. Hence, it is better to maintain certain amount of the flexibility in the evaluation of the land for obvious reasons, in order to cope-up with the demands on the equity share capital which will be known only after the finalisation of the financial structure of the Corporation.

Contd.on page No.3

b) Lease Rent:-

Apart from 2 lakhs of acres of the future plantation areas which will be handed-over to the Corporation as equity share capital from the Government on a phased programme, at the rate of 20,000 acres per year, for a period of ten years, nearly 2,12,000 acres of the lands already supporting the plantations which have been conceded in favour of M/S.Harihar Poly-Fibers will also be handed-over to the Corporation on a phased programme after harvesting the plantations now existing after the 10th year after the date inception of the plantations i.e., after the first rotation. But, these existing plantation areas will start reverting back to the Government after the period of 30 years after the 3rd rotation(harvesting) by about A.D. 2000.

Till the Corporation starts making sizeable profits from the plantation activities, i.e., till about 1991, only a token lease rent will have to be paid for the entire 4.12 lakhs acres of land(i.e. 2 lakhs acres of future plantation areas plus 2.12 lakhs acres of the existing plantation areas) to the Government. But, when once the Corporation starts making the profit, proportionate lease rent on the land handed-over to the Corporation, will have to be paid on the basis of negotiations and on the basis of periodical revision of such lease rent rates, which entirely depends upon the financial status of the Corporation existing at that time. This lease rent rate may vary from Rs.20 to Rs.90/- per acre based on the financial limitations of the Corporation.

c. Interest on Loan:

So far the rate of interest to be charged on the loan required for the proposed Corporation has not yet been finally decided. As it is, the project report and the financial outlay involved in it, are based on the assumption that the rate

Continued on page No.4.

of interest to be charged by the Agricultural Finance Corporation would be at 7% though the financing agency is insisting upon the higher rate of interest upto 9%. But, by negotiations, a reasonable amount of interest not exceeding 8% may result, which is also considered to be an attractive offer considering the economic conditions prevailing now, as also the nature of the work involved in the proposed Corporation.

In any case, the payment of the interest on the loan will have to start right from the beginning and the repayment of the loan amount at the rate of 1/12th of the amount of the loan annually from the 4th year onwards.

In case the rate of interest is 7% on the loan granted, the repayment of the interest and loan amount can be re-paid at the end of the 21st year since inception and in case the rate of interest is finally decided at 9% it may drag on to 28th year since inception. This entirely depends upon the rate of interest which is awaiting finalisation.

d. Loan requirement:-

The amount of loan required during the first 15 years according to the annual operational deficits can only be finally decided after the finalisation of the question of the interest to be charged. But, according to 7% interest, it is estimated that an amount of Rs.10.84 crores would be required at the end of 15th year depending upon the annual operational deficits and in case the rate of interest to be chargeed on the loan is decided at any rate higher than 7%, then the base for the share capital will also have to be broadened proportionately, for which, there is ample scope for the upward revaluation of the equity capital to be borne by the Government in the form of the value of 2 lakhs acres of land.

Contd.on page No.5

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e. Repayment of entire loan:

According to the recent suggestion of the agricultural Finance Corporation, "it is necessary to re-cast the scheme in such a way(taking advantage of the subsidiary income) that repayment could start from the 4th or 5th year amd should be over within 10 years. This is rather un-reaslistic considering the financial structure and the financial conditions existing at the end of the 4th or 5th year and this is a very serious matter which will have to be examined.

f. Revenue from the existing plantations:-

The main objection of the Agricultural Finance Corporation seems to be to the assumption implicit in the revised proposals that the revenue from the Plantations of 2,12,000 acres ear-marked for M/S.Harihar Poly-figres will not be available to the Forest Corporation.

Actually the important assumptions made as basis and criterion, for the starting of the Forest Corporation are:-

1.Raising, maintenance and harvesting of forest plantations is necessarily a long term proposition and project;

2. The State Revenue should not be affected by these proposals on any account as far as possible.

3. Financial assistance required over the long term period period has to be secured from the any financial agency on reasonable terms and conditions;

Considering the above criteria, Government has got justifiable grounds to deal with the revenues comingout of the existing plantations. Fundamentally these plantations form a State investment and cannot be treated as part of the equity share capital without proper assessment of these plantations at the time of handing-over them over to the Corporation in case it necessitates such a situation. Even then, there are two alternatives for consideration.

Continued on page No.6

(1) In order to repay the interest on the loan from the very first year, till the 15th year, which may amount to Rs.4½ crores, further loans will have to be raised on phased programme annually depending upon the rate of interest for the repayment of the interest on the loan granted.

(2) The proposal of the Agricultural Finance Corporation to set apart the revenue resulting from harvesting of existing plantations towards the repayment of interest right from the 1st year may be agreed to. Even this can at the most proceed till the 5th year only as after the 6th year the sale proceeds and revenue coming out of these plantations will not be sufficient to meet the financial demands in this direction after the 6th year. Hence, raising of further loan after the 6th year towards the repayment of the interest of loan is inevitable.

(g) At the 38th meeting of the Cabinet of Ministers held at Bangalore on 18th November, 1970 in order to discuss the subject matter No.C.459/70 pertaining to the Forest Department-establishment of Corporation for Forest plantations it was decided by the cabinet that the Forest Corporation could be set-up with the Board of Directors as suggested in the Cabinet note. Instead of creating a post of Special Officer, Government may nominate the Managing Director who will take immediate steps to get the Corporation registered after obtaining the approval of Government to the Memorandum of Association and the Articles of the Association of the proposed Corporation. In the light of the Cabinet decision, it is quite imperitive that the nucleus of the proposed corporation should be attended to early which requires budget provision to the extent of Rs.2 lakhs on the following items which are incidental:-

1. Salary of the Managing Director with the minimum staff required consisting of a Stenographer, Accountant and two orderlies.

2. Suitable vehicle for the Managing Director to tour the forest potential areas for on the spot study.

Continued on page No.7

(3) Rent for the building required for accommodating the office of the Corporation.

(4) Furniture and other requirements;

(5) Registration fee of the Corporation-towards stamp fee etc., which depends upon value of the equity share capital on the part of the Government.

It is estimated that a sum of Rs.2 lakhs only may be sufficient for the above items of expenditure and also any other unforeseen items of expenses and this amount may be provided for immediately for taking necessary steps. In case it is not possible for the Government to treat it as an out-right grant, the question of treating the amount of Rs.2 lakhs now required as loan either in fuller in part may also be considered.

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"Copy"

BSV.30-11'

Points for discussion and clarification with the Finance Department regarding Forest Corpn.

1. Equity Share Capital. Proposal of the Government is to treat the potential plantation areas to be handled by the Forest Corporation as the Equity Share Capital to be contributed by the Government as a guarantee, to the A.F.C. The valuation of these lands is fixed tentatively at Rs.100/- per acre, with a provision for upward revaluation to boost the value of Equity share capital in case the loan amount to be got is enhanced, because of higher rate of interest. The idea is to have the Equity share capital value proportionate to the loan to be got, which is still not decided as the interest on loan is yet to be finalised anywhere between 7% and 9% by negotiation.

2. The transfer of the area of 2 lakhs of acres of land is subject to the reservation of Government's right to recover "lease rent" or "Royalty" in due cours when the Corporation starts making profit, which otherwise should not be allowed to go out of the hands of the Corporation. If necessary, only a token lease rent will be charged in the initial years till profit starts coming out.

3. At some stage or the other in the articles of the Corporation, mention must be made about the provision to divert the profits towards lease rent, by periodical revision of the rate of lease rent or Royalty, say once in 5 years or 10 years.

4. Rate of interest whether at 7% or 9% is yet to be decided. Based on this the financial structure of the Corporation will be finalised. The period for repayment of the entire loan depends upon this question. If it is 7%, it will be 21 years and if it is 9% it will be 28 years.

5. Loan requirement. This also depends upon the rate of interest to be charged. According to 7% interest the loan requirement will be Rs.10.84 crores at the end of 15th years and in case the rate of interest is raised, then it will be more.

6. Repayment of the loan. According to the terms of the A.F.C. repayment of interest should start even

at the end of the very first year of grant of loan and repayment of interest and 1/12th instalment of loan by the 4th year and the entire amount of loan with interest within 10 years of the grant of loan. This is rather unrealistic in regard to a Forestry proposition where the gestation period is relatively longer than in Agriculture.

7. Revenue from the existing Eucalyptus Plantations conceded to M/s. Harihar Polyfibres.

The A.F.C. has been insisting that the probable revenue of about Rs. 36 lakhs should be paid towards the repayment of the interest, right from the first year, on the analogy of a similar arrangement made in Rubber Plantation of Kerala State. This is a point for discussion and negotiations with the A.F.C. But the suggestion of the Government was to get yearly loans from the same agency subsequently, apart from the original loan system, to pay the annual interest and instalment whenever due, as such ~~arr~~ an arrangement is permissible. Even if the Government agrees to set apart the revenue from the existing Eucalyptus plantations towards the payment of interest only, it cannot go beyond the 5th year when the interest due exceeds the annual revenue expected from the existing plantations. This is a matter for discussion with the F.D. and negotiations with the A.F.C.

8. Immediate financial requirements of the Managing Director of the Corporation amounting to Rs. 2 lakhs towards Registration ~~xxxxxxx~~, Stamp fee, salary of skeleton establishment and Managing Director, Purchase of vehicle, Rent of building etc. This is to be discussed to decide if it can be an outright grant or a loan recoverable from the Corporation in due course.

9. One fundamental issue to be decided is, whether to obtain the loan from an outside agency like the A.F.C. with so many strings attached, that too at such discouraging terms and conditions. The annual requirement of budget provision to maintain the current tempo of the afforestation programme, to meet the future commitments of 4,50,000 tonnes of wood, would be about Rs. 50 lakhs annually, to cover 20,000 acres annually and 2 lakhs acres within 10 years. One source of additional revenue the State would be getting is Rs. 36 lakhs hitherto not in the picture and during

the current year an amount of Rs. 11 lakhs has been harnessed towards this item of work even though the central assistance was stopped. Considering this, the question is whether the Government itself cannot be financing agency to the Corporation which eliminates all complications and commitments with the A.F.C. and leave the marketing policy also free from any influence.

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